



Rep. Tom Cross

Filed: 5/31/2012

09700SB1673ham007

LRB097 07605 EFG 70502 a

1 AMENDMENT TO SENATE BILL 1673

2 AMENDMENT NO. _____. Amend Senate Bill 1673 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Public Labor Relations Act is
5 amended by changing Sections 4 and 15 as follows:

6 (5 ILCS 315/4) (from Ch. 48, par. 1604)

7 Sec. 4. Management Rights. Employers shall not be required
8 to bargain over matters of inherent managerial policy, which
9 shall include such areas of discretion or policy as the
10 functions of the employer, standards of services, its overall
11 budget, the organizational structure and selection of new
12 employees, examination techniques and direction of employees.
13 Employers, however, shall be required to bargain collectively
14 with regard to policy matters directly affecting wages (but
15 subject to any applicable restrictions in Section 14-106.5,
16 15-134.6, or 16-131.7 of the Illinois Pension Code), hours and

1 terms and conditions of employment as well as the impact
2 thereon upon request by employee representatives, but
3 excluding the changes, the impact of changes, and the
4 implementation of the changes set forth in this amendatory Act
5 of the 97th General Assembly.

6 To preserve the rights of employers and exclusive
7 representatives which have established collective bargaining
8 relationships or negotiated collective bargaining agreements
9 prior to the effective date of this Act, employers shall be
10 required to bargain collectively with regard to any matter
11 concerning wages (but subject to any applicable restrictions in
12 Section 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension
13 Code), hours or conditions of employment about which they have
14 bargained for and agreed to in a collective bargaining
15 agreement prior to the effective date of this Act, but
16 excluding the changes, the impact of changes, and the
17 implementation of the changes set forth in this amendatory Act
18 of the 97th General Assembly.

19 The chief judge of the judicial circuit that employs a
20 public employee who is a court reporter, as defined in the
21 Court Reporters Act, has the authority to hire, appoint,
22 promote, evaluate, discipline, and discharge court reporters
23 within that judicial circuit.

24 Nothing in this amendatory Act of the 94th General Assembly
25 shall be construed to intrude upon the judicial functions of
26 any court. This amendatory Act of the 94th General Assembly

1 applies only to nonjudicial administrative matters relating to
2 the collective bargaining rights of court reporters.

3 (Source: P.A. 94-98, eff. 7-1-05.)

4 (5 ILCS 315/15) (from Ch. 48, par. 1615)

5 Sec. 15. Act Takes Precedence.

6 (a) In case of any conflict between the provisions of this
7 Act and any other law (other than Section 5 of the State
8 Employees Group Insurance Act of 1971 and other than the
9 changes made to the Illinois Pension Code by Public Act 96-889
10 and the changes, impact of changes, and the implementation of
11 the changes made to the Illinois Pension Code and the State
12 Employees Group Insurance Act of 1971 by this amendatory Act of
13 the 97th ~~96th~~ General Assembly), executive order or
14 administrative regulation relating to wages, hours and
15 conditions of employment and employment relations, the
16 provisions of this Act or any collective bargaining agreement
17 negotiated thereunder shall prevail and control. Nothing in
18 this Act shall be construed to replace or diminish the rights
19 of employees established by Sections 28 and 28a of the
20 Metropolitan Transit Authority Act, Sections 2.15 through 2.19
21 of the Regional Transportation Authority Act. The provisions of
22 this Act are subject to the changes made by this amendatory Act
23 of the 97th General Assembly, including Sections 14-106.5,
24 15-134.6, and 16-131.7 of the Illinois Pension Code, and
25 Section 5 of the State Employees Group Insurance Act of 1971.

1 Nothing in this Act shall be construed to replace the necessity
2 of complaints against a sworn peace officer, as defined in
3 Section 2(a) of the Uniform Peace Officer Disciplinary Act,
4 from having a complaint supported by a sworn affidavit.

5 (b) Except as provided in subsection (a) above, any
6 collective bargaining contract between a public employer and a
7 labor organization executed pursuant to this Act shall
8 supersede any contrary statutes, charters, ordinances, rules
9 or regulations relating to wages, hours and conditions of
10 employment and employment relations adopted by the public
11 employer or its agents. Any collective bargaining agreement
12 entered into prior to the effective date of this Act shall
13 remain in full force during its duration.

14 (c) It is the public policy of this State, pursuant to
15 paragraphs (h) and (i) of Section 6 of Article VII of the
16 Illinois Constitution, that the provisions of this Act are the
17 exclusive exercise by the State of powers and functions which
18 might otherwise be exercised by home rule units. Such powers
19 and functions may not be exercised concurrently, either
20 directly or indirectly, by any unit of local government,
21 including any home rule unit, except as otherwise authorized by
22 this Act.

23 (Source: P.A. 95-331, eff. 8-21-07; 96-889, eff. 1-1-11.)

24 Section 10. The State Employees Group Insurance Act of 1971
25 is amended by changing Sections 6.9 and 6.10 and by adding

1 Sections 6.10A and 6.16 as follows:

2 (5 ILCS 375/6.9)

3 Sec. 6.9. Health benefits for community college benefit
4 recipients and community college dependent beneficiaries.

5 (a) Purpose. It is the purpose of this amendatory Act of
6 1997 to establish a uniform program of health benefits for
7 community college benefit recipients and their dependent
8 beneficiaries under the administration of the Department of
9 Central Management Services.

10 (b) Creation of program. Beginning July 1, 1999, the
11 Department of Central Management Services shall be responsible
12 for administering a program of health benefits for community
13 college benefit recipients and community college dependent
14 beneficiaries under this Section. The State Universities
15 Retirement System and the boards of trustees of the various
16 community college districts shall cooperate with the
17 Department in this endeavor.

18 (c) Eligibility. All community college benefit recipients
19 and community college dependent beneficiaries shall be
20 eligible to participate in the program established under this
21 Section, without any interruption or delay in coverage or
22 limitation as to pre-existing medical conditions. Eligibility
23 to participate shall be determined by the State Universities
24 Retirement System. Eligibility information shall be
25 communicated to the Department of Central Management Services

1 in a format acceptable to the Department.

2 (d) Coverage. The health benefit coverage provided under
3 this Section shall be a program of health, dental, and vision
4 benefits.

5 The program of health benefits under this Section may
6 include any or all of the benefit limitations, including but
7 not limited to a reduction in benefits based on eligibility for
8 federal medicare benefits, that are provided under subsection
9 (a) of Section 6 of this Act for other health benefit programs
10 under this Act.

11 (e) Insurance rates and premiums. The Director shall
12 determine the insurance rates and premiums for community
13 college benefit recipients and community college dependent
14 beneficiaries. Rates and premiums may be based in part on age
15 and eligibility for federal Medicare coverage. The Director
16 shall also determine premiums that will allow for the
17 establishment of an actuarially sound reserve for this program.

18 The cost of health benefits under the program shall be paid
19 as follows:

20 (1) For a community college benefit recipient, costs
21 shall be an amount equal to the difference between the
22 projected costs of health benefits under the program and
23 projected contributions from community college districts,
24 active contributors, and other income of the program. Other
25 income of the program shall exclude contributions made by
26 the State to retire unpaid claims of the program up to 75%

1 ~~of the total insurance rate shall be paid from the~~
2 ~~Community College Health Insurance Security Fund.~~

3 (2) The balance of the rate of insurance, including the
4 entire premium for any coverage for community college
5 dependent beneficiaries that has been elected, shall be
6 paid by deductions authorized by the community college
7 benefit recipient to be withheld from his or her monthly
8 annuity or benefit payment from the State Universities
9 Retirement System; except that (i) if the balance of the
10 cost of coverage exceeds the amount of the monthly annuity
11 or benefit payment, the difference shall be paid directly
12 to the State Universities Retirement System by the
13 community college benefit recipient, and (ii) all or part
14 of the balance of the cost of coverage may, at the option
15 of the board of trustees of the community college district,
16 be paid to the State Universities Retirement System by the
17 board of the community college district from which the
18 community college benefit recipient retired. The State
19 Universities Retirement System shall promptly deposit all
20 moneys withheld by or paid to it under this subdivision
21 (e) (2) into the Community College Health Insurance
22 Security Fund. These moneys shall not be considered assets
23 of the State Universities Retirement System.

24 (f) Financing. All revenues arising from the
25 administration of the health benefit program established under
26 this Section shall be deposited into the Community College

1 Health Insurance Security Fund, which is hereby created as a
2 nonappropriated trust fund to be held outside the State
3 Treasury, with the State Treasurer as custodian. Any interest
4 earned on moneys in the Community College Health Insurance
5 Security Fund shall be deposited into the Fund.

6 Moneys in the Community College Health Insurance Security
7 Fund shall be used only to pay the costs of the health benefit
8 program established under this Section, including associated
9 administrative costs and the establishment of a program
10 reserve. Beginning January 1, 1999, the Department of Central
11 Management Services may make expenditures from the Community
12 College Health Insurance Security Fund for those costs.

13 (g) Contract for benefits. The Director shall by contract,
14 self-insurance, or otherwise make available the program of
15 health benefits for community college benefit recipients and
16 their community college dependent beneficiaries that is
17 provided for in this Section. The contract or other arrangement
18 for the provision of these health benefits shall be on terms
19 deemed by the Director to be in the best interest of the State
20 of Illinois and the community college benefit recipients based
21 on, but not limited to, such criteria as administrative cost,
22 service capabilities of the carrier or other contractor, and
23 the costs of the benefits.

24 (h) Continuation of program. It is the intention of the
25 General Assembly that the program of health benefits provided
26 under this Section be maintained on an ongoing, affordable

1 basis. The program of health benefits provided under this
2 Section may be amended by the State and is not intended to be a
3 pension or retirement benefit subject to protection under
4 Article XIII, Section 5 of the Illinois Constitution.

5 (i) Other health benefit plans. A health benefit plan
6 provided by a community college district (other than a
7 community college district subject to Article VII of the Public
8 Community College Act) under the terms of a collective
9 bargaining agreement in effect on or prior to the effective
10 date of this amendatory Act of 1997 shall continue in force
11 according to the terms of that agreement, unless otherwise
12 mutually agreed by the parties to that agreement and the
13 affected retiree. A community college benefit recipient or
14 community college dependent beneficiary whose coverage under
15 such a plan expires shall be eligible to begin participating in
16 the program established under this Section without any
17 interruption or delay in coverage or limitation as to
18 pre-existing medical conditions.

19 This Act does not prohibit any community college district
20 from offering additional health benefits for its retirees or
21 their dependents or survivors.

22 (Source: P.A. 90-497, eff. 8-18-97; 90-655, eff. 7-30-98.)

23 (5 ILCS 375/6.10)

24 Sec. 6.10. Contributions to the Community College Health
25 Insurance Security Fund.

1 (a) Beginning January 1, 1999, every active contributor of
2 the State Universities Retirement System (established under
3 Article 15 of the Illinois Pension Code) who (1) is a full-time
4 employee of a community college district (other than a
5 community college district subject to Article VII of the Public
6 Community College Act) or an association of community college
7 boards and (2) is not an employee as defined in Section 3 of
8 this Act shall make contributions toward the cost of community
9 college annuitant and survivor health benefits at the rate of
10 0.50% of salary. Beginning July 1, 2012 and until July 1, 2013,
11 the contribution rate under this subsection (a) shall be 1.25%
12 of salary. Beginning July 1, 2013, the contribution rate under
13 this subsection (a) shall be a percentage of salary determined
14 by the Department of Central Management Services, or its
15 successor, by rule, which in each fiscal year shall not exceed
16 108% of the percentage of salary actually required to be
17 contributed in the previous fiscal year. However, the required
18 contribution rate determined by the Department or its successor
19 under this subsection (a) shall equal the required contribution
20 rate determined by the Department or its successor under
21 subsection (b) of this Section.

22 These contributions shall be deducted by the employer and
23 paid to the State Universities Retirement System as service
24 agent for the Department of Central Management Services. The
25 System may use the same processes for collecting the
26 contributions required by this subsection that it uses to

1 collect the contributions received from those employees under
2 Section 15-157 of the Illinois Pension Code. An employer may
3 agree to pick up or pay the contributions required under this
4 subsection on behalf of the employee; such contributions shall
5 be deemed to have been paid by the employee.

6 The State Universities Retirement System shall promptly
7 deposit all moneys collected under this subsection (a) into the
8 Community College Health Insurance Security Fund created in
9 Section 6.9 of this Act. The moneys collected under this
10 Section shall be used only for the purposes authorized in
11 Section 6.9 of this Act and shall not be considered to be
12 assets of the State Universities Retirement System.
13 Contributions made under this Section are not transferable to
14 other pension funds or retirement systems and are not
15 refundable upon termination of service.

16 (b) Beginning January 1, 1999, every community college
17 district (other than a community college district subject to
18 Article VII of the Public Community College Act) or association
19 of community college boards that is an employer under the State
20 Universities Retirement System shall contribute toward the
21 cost of the community college health benefits provided under
22 Section 6.9 of this Act an amount equal to 0.50% of the salary
23 paid to its full-time employees who participate in the State
24 Universities Retirement System and are not members as defined
25 in Section 3 of this Act. Beginning July 1, 2012 and until July
26 1, 2013, the contribution rate under this subsection (b) shall

1 be 1.25% of salary. Beginning July 1, 2013, the contribution
2 rate under this subsection (b) shall be a percentage of salary
3 determined by the Department of Central Management Services, or
4 its successor, by rule, which in each fiscal year shall not
5 exceed 108% of the percentage of salary actually required to be
6 contributed in the previous fiscal year. However, the required
7 contribution rate determined by the Department or its successor
8 under this subsection (b) shall equal the required contribution
9 rate determined by the Department or its successor under
10 subsection (a) of this Section.

11 These contributions shall be paid by the employer to the
12 State Universities Retirement System as service agent for the
13 Department of Central Management Services. The System may use
14 the same processes for collecting the contributions required by
15 this subsection that it uses to collect the contributions
16 received from those employers under Section 15-155 of the
17 Illinois Pension Code.

18 The State Universities Retirement System shall promptly
19 deposit all moneys collected under this subsection (b) into the
20 Community College Health Insurance Security Fund created in
21 Section 6.9 of this Act. The moneys collected under this
22 Section shall be used only for the purposes authorized in
23 Section 6.9 of this Act and shall not be considered to be
24 assets of the State Universities Retirement System.
25 Contributions made under this Section are not transferable to
26 other pension funds or retirement systems and are not

1 refundable upon termination of service.

2 The Department of Healthcare and Family Services, or any
3 successor agency designated to procure healthcare contracts
4 pursuant to this Act, is authorized to establish funds,
5 separate accounts provided by any bank or banks as defined by
6 the Illinois Banking Act, or separate accounts provided by any
7 savings and loan association or associations as defined by the
8 Illinois Savings and Loan Act of 1985 to be held by the
9 Director, outside the State treasury, for the purpose of
10 receiving the transfer of moneys from the Community College
11 Health Insurance Security Fund. The Department may promulgate
12 rules further defining the methodology for the transfers. Any
13 interest earned by moneys in the funds or accounts shall inure
14 to the Community College Health Insurance Security Fund. The
15 transferred moneys, and interest accrued thereon, shall be used
16 exclusively for transfers to administrative service
17 organizations or their financial institutions for payments of
18 claims to claimants and providers under the self-insurance
19 health plan. The transferred moneys, and interest accrued
20 thereon, shall not be used for any other purpose including, but
21 not limited to, reimbursement of administration fees due the
22 administrative service organization pursuant to its contract
23 or contracts with the Department.

24 (c) On or before November 15 of each year but not after
25 November 15, 2011, the Board of Trustees of the State
26 Universities Retirement System shall certify to the Governor,

1 the Director of Central Management Services, and the State
2 Comptroller its estimate of the total amount of contributions
3 to be paid under subsection (a) of this Section for the next
4 fiscal year. Beginning in fiscal year 2008, the amount
5 certified shall be decreased or increased each year by the
6 amount that the actual active employee contributions either
7 fell short of or exceeded the estimate used by the Board in
8 making the certification for the previous fiscal year. The
9 State Universities Retirement System shall calculate the
10 amount of actual active employee contributions in fiscal years
11 1999 through 2005. Based upon this calculation, the fiscal year
12 2008 certification shall include an amount equal to the
13 cumulative amount that the actual active employee
14 contributions either fell short of or exceeded the estimate
15 used by the Board in making the certification for those fiscal
16 years. The certification shall include a detailed explanation
17 of the methods and information that the Board relied upon in
18 preparing its estimate. As soon as possible after the effective
19 date of this Section, the Board shall submit its estimate for
20 fiscal year 1999.

21 (d) Beginning in fiscal year 1999, on the first day of each
22 month, or as soon thereafter as may be practical, the State
23 Treasurer and the State Comptroller shall transfer from the
24 General Revenue Fund to the Community College Health Insurance
25 Security Fund 1/12 of the annual amount appropriated for that
26 fiscal year to the State Comptroller for deposit into the

1 Community College Health Insurance Security Fund under Section
2 1.4 of the State Pension Funds Continuing Appropriation Act.

3 (e) Except where otherwise specified in this Section, the
4 definitions that apply to Article 15 of the Illinois Pension
5 Code apply to this Section.

6 (Source: P.A. 94-839, eff. 6-6-06; 95-632, eff. 9-25-07.)

7 (5 ILCS 375/6.10A new)

8 Sec. 6.10A. City colleges; optional participation in
9 program of health benefits. Notwithstanding any other
10 provision of this Act, the Department of Central Management
11 Services shall adopt rules authorizing optional participation
12 in the program of health benefits for community college benefit
13 recipients and community college dependent beneficiaries by
14 any person who is otherwise ineligible to participate in that
15 program solely as a result of that or another person's
16 employment with a community college district subject to Article
17 VII of the Public Community College Act.

18 (5 ILCS 375/6.16 new)

19 Sec. 6.16. Health benefit election for Tier I employees and
20 Tier I retirees.

21 (a) For purposes of this Section:

22 "Eligible Tier I employee" means an individual who makes or
23 is deemed to have made an election under paragraph (1) of
24 subsection (a) of Section 2-110.3, 14-106.5, 15-134.6, or

1 16-131.7 of the Illinois Pension Code.

2 "Eligible Tier I retiree" means an individual who makes or
3 is deemed to have made an election under paragraph (1) of
4 subsection (a-5) of Section 2-110.3, 14-106.5, 15-134.6, or
5 16-131.7 of the Illinois Pension Code.

6 "Program of health benefits" means (i) a health plan, as
7 defined in subsection (o) of Section 3 of this Act, that is
8 designed and contracted for by the Director under this Act or
9 any successor Act or (ii) if administration of that health plan
10 is transferred to a trust established by the State or an
11 independent Board in order to provide health benefits to a
12 class of a persons that includes eligible Tier I retirees, then
13 the plan of health benefits provided through that trust.

14 For persons who receive healthcare benefits under a
15 collective bargaining agreement with a community college
16 district subject to Article VII of the Public Community College
17 Act, the term "program of health benefits" also includes any
18 health benefit arrangement provided under such a collective
19 bargaining agreement, except that if such an agreement expires
20 and if those persons are otherwise eligible to participate in a
21 program of health benefits pursuant to item (i) or (ii), then
22 "program of health benefits" does not include the health
23 benefit arrangements provided under such a collective
24 bargaining agreement.

25 For persons who are eligible to receive benefits under a
26 health plan made available by a community college district

1 subject to Article VII of the Public Community College Act and
2 who do not receive those benefits pursuant to a collective
3 bargaining agreement, "program of health benefits" also
4 includes the health plan made available to such persons by the
5 community college district, except that if those persons
6 otherwise become eligible to participate in a program of health
7 benefits pursuant to item (i) or (ii), then "program of health
8 benefits" does not include the health plan made available to
9 such persons by the community college district.

10 (b) As adequate and legal consideration for making the
11 election under paragraph (1) of subsection (a) or (a-5) of
12 Section 2-110.3, 14-106.5, 15-134.6, or 16-131.7 of the
13 Illinois Pension Code, each eligible Tier I employee and each
14 eligible Tier I retiree shall receive a vested and enforceable
15 contractual right to participate in a program of health
16 benefits while he or she qualifies as an annuitant or retired
17 employee, or as a TRS benefit recipient or community college
18 benefit recipient receiving a retirement annuity. That right
19 also extends to such a person's dependents, survivors, TRS
20 dependent beneficiaries, and community college dependent
21 beneficiaries who are eligible under the applicable program of
22 health benefits.

23 (c) Notwithstanding subsection (b), eligible Tier I
24 employees and eligible Tier I retirees may be required to make
25 contributions toward the cost of coverage under a program of
26 health benefits.

1 (d) The vested and enforceable contractual right to a
2 program of health benefits is not offered as, and shall not be
3 considered, a pension benefit under Article XIII, Section 5 of
4 the Illinois Constitution, the Illinois Pension Code, or any
5 subsequent or successor enactment providing pension benefits.

6 (e) Notwithstanding any other provision of this Act, a Tier
7 I employee or Tier I retiree who has made an election under
8 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3,
9 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code
10 shall not be entitled to participate in the program of health
11 benefits as an annuitant or retired employee, or as a TRS
12 benefit recipient or community college benefit recipient
13 receiving a retirement annuity, regardless of any contrary
14 election pursuant to any of those Sections under any other
15 retirement system.

16 Notwithstanding any other provision of this Act, a Tier I
17 employee who is not entitled to participate in the program of
18 health benefits as an annuitant or retired employee, or as a
19 TRS benefit recipient or community college benefit recipient
20 receiving a retirement annuity, due to an election under
21 paragraph (2) of subsection (a) or (a-5) of Section 2-110.3,
22 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code
23 shall not be required to make contributions toward the program
24 of health benefits while he or she is an employee or active
25 contributor. However, an active employee may be required to
26 make contributions toward the health benefits he or she

1 receives during active employment.

2 (f) The Department shall coordinate with each retirement
3 system administering an election in accordance with this
4 amendatory Act of the 97th General Assembly to provide
5 information concerning the impact of the election of health
6 benefits. Each System shall include information prepared by the
7 Department in the required election packet. The Department
8 shall make information available to Tier I employees and Tier I
9 retirees through video materials, group presentations,
10 consultation by telephone or other electronic means, or any
11 combination of these methods.

12 Section 15. The Governor's Office of Management and Budget
13 Act is amended by changing Sections 7 and 8 as follows:

14 (20 ILCS 3005/7) (from Ch. 127, par. 417)

15 Sec. 7. All statements and estimates of expenditures
16 submitted to the Office in connection with the preparation of a
17 State budget, and any other estimates of expenditures,
18 supporting requests for appropriations, shall be formulated
19 according to the various functions and activities for which the
20 respective department, office or institution of the State
21 government (including the elective officers in the executive
22 department and including the University of Illinois and the
23 judicial department) is responsible. All such statements and
24 estimates of expenditures relating to a particular function or

1 activity shall be further formulated or subject to analysis in
2 accordance with the following classification of objects:

3 (1) Personal services

4 (2) State contribution for employee group insurance

5 (3) Contractual services

6 (4) Travel

7 (5) Commodities

8 (6) Equipment

9 (7) Permanent improvements

10 (8) Land

11 (9) Electronic Data Processing

12 (10) Telecommunication services

13 (11) Operation of Automotive Equipment

14 (12) Contingencies

15 (13) Reserve

16 (14) Interest

17 (15) Awards and Grants

18 (16) Debt Retirement

19 (17) Non-cost Charges-

20 (18) State retirement contribution for annual normal cost

21 (19) State retirement contribution for unfunded accrued
22 liability.

23 (Source: P.A. 93-25, eff. 6-20-03.)

24 (20 ILCS 3005/8) (from Ch. 127, par. 418)

25 Sec. 8. When used in connection with a State budget or

1 expenditure or estimate, items (1) through (16) in the
2 classification of objects stated in Section 7 shall have the
3 meanings ascribed to those items in Sections 14 through 24.7,
4 respectively, of the State Finance Act. ~~"An Act in relation to
5 State finance", approved June 10, 1919, as amended.~~

6 When used in connection with a State budget or expenditure
7 or estimate, items (18) and (19) in the classification of
8 objects stated in Section 7 shall have the meanings ascribed to
9 those items in Sections 24.12 and 24.13, respectively, of the
10 State Finance Act.

11 (Source: P.A. 82-325.)

12 Section 20. The Illinois State Auditing Act is amended by
13 adding Section 2-8.1 as follows:

14 (30 ILCS 5/2-8.1 new)

15 Sec. 2-8.1. Actuarial Responsibilities.

16 (a) The Auditor General shall contract with or hire an
17 actuary to serve as the State Actuary. The State Actuary shall
18 be retained by, serve at the pleasure of, and be under the
19 supervision of the Auditor General and shall be paid from
20 appropriations to the office of the Auditor General. The State
21 Actuary may be selected by the Auditor General without engaging
22 in a competitive procurement process.

23 (b) The State Actuary shall:

24 (1) review assumptions and valuations prepared by

1 actuaries retained by the boards of trustees of the
2 State-funded retirement systems;

3 (2) issue preliminary reports to the boards of trustees
4 of the State-funded retirement systems concerning proposed
5 certifications of required State contributions submitted
6 to the State Actuary by those boards;

7 (3) cooperate with the boards of trustees of the
8 State-funded retirement systems to identify recommended
9 changes in actuarial assumptions that the boards must
10 consider before finalizing their certifications of the
11 required State contributions;

12 (4) conduct reviews of the actuarial practices of the
13 boards of trustees of the State-funded retirement systems;

14 (5) make additional reports as directed by joint
15 resolution of the General Assembly; and

16 (6) perform any other duties assigned by the Auditor
17 General, including, but not limited to, reviews of the
18 actuarial practices of other entities.

19 (c) On or before January 1, 2013 and each January 1
20 thereafter, the Auditor General shall submit a written report
21 to the General Assembly and Governor documenting the initial
22 assumptions and valuations prepared by actuaries retained by
23 the boards of trustees of the State-funded retirement systems,
24 any changes recommended by the State Actuary in the actuarial
25 assumptions, and the responses of each board to the State
26 Actuary's recommendations.

1 (d) For the purposes of this Section, "State-funded
2 retirement system" means a retirement system established
3 pursuant to Article 2, 14, 15, 16, or 18 of the Illinois
4 Pension Code.

5 Section 25. The State Finance Act is amended by changing
6 Section 13 and by adding Sections 24.12 and 24.13 as follows:

7 (30 ILCS 105/13) (from Ch. 127, par. 149)

8 Sec. 13. The objects and purposes for which appropriations
9 are made are classified and standardized by items as follows:

10 (1) Personal services;

11 (2) State contribution for employee group insurance;

12 (3) Contractual services;

13 (4) Travel;

14 (5) Commodities;

15 (6) Equipment;

16 (7) Permanent improvements;

17 (8) Land;

18 (9) Electronic Data Processing;

19 (10) Operation of automotive equipment;

20 (11) Telecommunications services;

21 (12) Contingencies;

22 (13) Reserve;

23 (14) Interest;

24 (15) Awards and Grants;

1 (16) Debt Retirement;

2 (17) Non-Cost Charges;

3 (18) State retirement contribution for annual normal cost;

4 (19) State retirement contribution for unfunded accrued
5 liability;

6 (20) ~~(18)~~ Purchase Contract for Real Estate.

7 When an appropriation is made to an officer, department,
8 institution, board, commission or other agency, or to a private
9 association or corporation, in one or more of the items above
10 specified, such appropriation shall be construed in accordance
11 with the definitions and limitations specified in this Act,
12 unless the appropriation act otherwise provides.

13 An appropriation for a purpose other than one specified and
14 defined in this Act may be made only as an additional, separate
15 and distinct item, specifically stating the object and purpose
16 thereof.

17 (Source: P.A. 84-263; 84-264.)

18 (30 ILCS 105/24.12 new)

19 Sec. 24.12. "State retirement contribution for annual
20 normal cost" defined. The term "State retirement contribution
21 for annual normal cost" means the portion of the total required
22 State contribution to a retirement system for a fiscal year
23 that represents the State's portion of the System's projected
24 normal cost for that fiscal year, as determined and certified
25 by the board of trustees of the retirement system in

1 conformance with the applicable provisions of the Illinois
2 Pension Code.

3 (30 ILCS 105/24.13 new)

4 Sec. 24.13. "State retirement contribution for unfunded
5 accrued liability" defined. The term "State retirement
6 contribution for unfunded accrued liability" means the portion
7 of the total required State contribution to a retirement system
8 for a fiscal year that is not included in the State retirement
9 contribution for annual normal cost.

10 Section 30. The Illinois Pension Code is amended by
11 changing Sections 1-103.3, 2-108, 2-119.1, 2-124, 2-134,
12 7-109, 14-103.10, 14-106, 14-114, 14-131, 14-132, 14-135.08,
13 14-152.1, 15-106, 15-107, 15-111, 15-113.2, 15-136, 15-155,
14 15-163, 15-165, 15-198, 16-106, 16-121, 16-127, 16-133.1,
15 16-136.1, 16-158, 16-203, and 18-140 and by adding Sections
16 2-105.1, 2-105.2, 2-107.9, 2-110.3, 14-103.40, 14-103.41,
17 14-103.42, 14-106.5, 15-107.1, 15-107.2, 15-111.1, 15-134.6,
18 15-155.1, 16-106.4, 16-106.5, 16-106.6, 16-121.1, 16-131.7,
19 and 16-133.6 as follows:

20 (40 ILCS 5/1-103.3)

21 Sec. 1-103.3. Application of 1994 amendment; funding
22 standard.

23 (a) The provisions of Public Act 88-593 ~~this amendatory Act~~

1 ~~of 1994~~ that change the method of calculating, certifying, and
2 paying the required State contributions to the retirement
3 systems established under Articles 2, 14, 15, 16, and 18 shall
4 first apply to the State contributions required for State
5 fiscal year 1996.

6 (b) (Blank). ~~The General Assembly declares that a funding~~
7 ~~ratio (the ratio of a retirement system's total assets to its~~
8 ~~total actuarial liabilities) of 90% is an appropriate goal for~~
9 ~~State-funded retirement systems in Illinois, and it finds that~~
10 ~~a funding ratio of 90% is now the generally recognized norm~~
11 ~~throughout the nation for public employee retirement systems~~
12 ~~that are considered to be financially secure and funded in an~~
13 ~~appropriate and responsible manner.~~

14 (c) Every 5 years, beginning in 1999, the Commission on
15 Government Forecasting and Accountability, in consultation
16 with the affected retirement systems and the Governor's Office
17 of Management and Budget (formerly Bureau of the Budget), shall
18 consider and determine whether the funding goals ~~90% funding~~
19 ~~ratio~~ adopted in Articles 2, 14, 15, 16, and 18 of this Code
20 continue ~~subsection (b) continues~~ to represent ~~an~~ appropriate
21 funding goals ~~goal~~ for State-funded retirement systems in
22 Illinois, and it shall report its findings and recommendations
23 on this subject to the Governor and the General Assembly.

24 (Source: P.A. 93-1067, eff. 1-15-05.)

1 Sec. 2-105.1. Tier I employee. "Tier I employee": A
2 participant who first became a participant before January 1,
3 2011.

4 (40 ILCS 5/2-105.2 new)

5 Sec. 2-105.2. Tier I retiree. "Tier I retiree" means a
6 former Tier I employee who is receiving a retirement annuity.

7 (40 ILCS 5/2-107.9 new)

8 Sec. 2-107.9. Future increase in income. "Future increase
9 in income": Any increase in income in any form offered for
10 service as a member under this Article after June 30, 2013 that
11 would qualify as "salary", as defined under Section 2-108, but
12 for the fact that the increase in income was offered to the
13 member on the condition that it not qualify as salary and was
14 accepted by the member subject to that condition.

15 (40 ILCS 5/2-108) (from Ch. 108 1/2, par. 2-108)

16 Sec. 2-108. Salary. "Salary": (1) For members of the
17 General Assembly, the total compensation paid to the member by
18 the State for one year of service, including the additional
19 amounts, if any, paid to the member as an officer pursuant to
20 Section 1 of "An Act in relation to the compensation and
21 emoluments of the members of the General Assembly", approved
22 December 6, 1907, as now or hereafter amended.

23 (2) For the State executive officers specified in Section

1 2-105, the total compensation paid to the member for one year
2 of service.

3 (3) For members of the System who are participants under
4 Section 2-117.1, or who are serving as Clerk or Assistant Clerk
5 of the House of Representatives or Secretary or Assistant
6 Secretary of the Senate, the total compensation paid to the
7 member for one year of service, but not to exceed the salary of
8 the highest salaried officer of the General Assembly.

9 However, in the event that federal law results in any
10 participant receiving imputed income based on the value of
11 group term life insurance provided by the State, such imputed
12 income shall not be included in salary for the purposes of this
13 Article.

14 Notwithstanding any other provision of this Section,
15 "salary" does not include any future increase in income that is
16 offered for service as a member under this Article pursuant to
17 the requirements of subsection (c) of Section 2-110.3 and
18 accepted by a Tier I employee, or a Tier I retiree returning to
19 active service, who has made an election under paragraph (2) of
20 subsection (a) or (a-5) of Section 2-110.3.

21 (Source: P.A. 86-27; 86-273; 86-1028; 86-1488.)

22 (40 ILCS 5/2-110.3 new)

23 Sec. 2-110.3. Election by Tier I employees and Tier I
24 retirees.

25 (a) Each Tier I employee shall make an irrevocable election

1 either:

2 (1) to agree to the following:

3 (i) to have the amount of the automatic annual
4 increases in his or her retirement annuity that are
5 otherwise provided for in this Article calculated,
6 instead, as provided in subsection (a-1) of Section
7 2-119.1; and

8 (ii) to have his or her eligibility for automatic
9 annual increases in retirement annuity postponed as
10 provided in subsection (a-2) of Section 2-119.1 and to
11 relinquish the additional increases provided in
12 subsection (b) of Section 2-119.1; or

13 (2) to not agree to items (i) and (ii) as set forth in
14 paragraph (1) of this subsection.

15 The election required under this subsection (a) shall be
16 made by each Tier I employee no earlier than January 1, 2013
17 and no later than May 31, 2013, except that:

18 (i) a person who becomes a Tier I employee under this
19 Article after January 1, 2013 must make the election under
20 this subsection (a) within 60 days after becoming a Tier I
21 employee;

22 (ii) a person who returns to active service as a Tier I
23 employee under this Article after January 1, 2013 and has
24 not yet made an election under this Section must make the
25 election under this subsection (a) within 60 days after
26 returning to active service as a Tier I employee; and

1 (iii) a person who made the election under subsection
2 (a-5) as a Tier I retiree remains bound by that election
3 and shall not make a later election under this subsection
4 (a).

5 If a Tier I employee fails for any reason to make a
6 required election under this subsection within the time
7 specified, then the employee shall be deemed to have made the
8 election under paragraph (2) of this subsection.

9 (a-5) Each Tier I retiree shall make an irrevocable
10 election either:

11 (1) to agree to the following:

12 (i) to have the amount of the automatic annual
13 increases in his or her retirement annuity that are
14 otherwise provided for in this Article calculated,
15 instead, as provided in subsection (a-1) of Section
16 2-119.1; and

17 (ii) to have his or her eligibility for automatic
18 annual increases in retirement annuity postponed as
19 provided in subsection (a-2) of Section 2-119.1 and to
20 relinquish the additional increases provided in
21 subsection (b) of Section 2-119.1; or

22 (2) to not agree to items (i) and (ii) as set forth in
23 paragraph (1) of this subsection.

24 The election required under this subsection (a-5) shall be
25 made by each Tier I retiree no earlier than January 1, 2013 and
26 no later than May 31, 2013, except that:

1 (i) a person who becomes a Tier I retiree under this
2 Article on or after January 1, 2013 must make the election
3 under this subsection (a-5) within 60 days after becoming a
4 Tier I retiree; and

5 (ii) a person who made the election under subsection
6 (a) as a Tier I employee remains bound by that election and
7 shall not make a later election under this subsection
8 (a-5).

9 If a Tier I retiree fails for any reason to make a required
10 election under this subsection within the time specified, then
11 the Tier I retiree shall be deemed to have made the election
12 under paragraph (2) of this subsection.

13 (a-10) All elections under subsection (a) or (a-5) that are
14 made or deemed to be made before June 1, 2013 shall take effect
15 on July 1, 2013. Elections that are made or deemed to be made
16 on or after June 1, 2013 shall take effect on the first day of
17 the month following the month in which the election is made or
18 deemed to be made.

19 (b) As adequate and legal consideration provided under this
20 amendatory Act of the 97th General Assembly for making the
21 election under paragraph (1) of subsection (a) of this Section,
22 any future increases in income offered for service as a member
23 under this Article to a Tier I employee who has made the
24 election under paragraph (1) of subsection (a) of this Section
25 shall be offered expressly and irrevocably as constituting
26 salary under Section 2-108.

1 As adequate and legal consideration provided under this
2 amendatory Act of the 97th General Assembly for making the
3 election under paragraph (1) of subsection (a-5) of this
4 Section, any future increases in income offered for service as
5 a member under this Article to a Tier I retiree who returns to
6 active service after having made the election under paragraph
7 (1) of subsection (a-5) of this Section shall be offered
8 expressly and irrevocably as constituting salary under Section
9 2-108.

10 (c) A Tier I employee who makes the election under
11 paragraph (2) of subsection (a) of this Section shall not be
12 subject to items (i) and (ii) set forth in paragraph (1) of
13 subsection (a) of this Section. However, any future increases
14 in income offered for service as a member under this Article to
15 a Tier I employee who has made the election under paragraph (2)
16 of subsection (a) of this Section shall be offered expressly
17 and irrevocably as not constituting salary under Section 2-108,
18 and the member may not accept any future increase in income
19 that is offered in violation of this requirement.

20 A Tier I retiree who makes the election under paragraph (2)
21 of subsection (a-5) of this Section shall not be subject to
22 items (i) and (ii) set forth in paragraph (1) of subsection
23 (a-5) of this Section. However, any future increases in income
24 offered for service as a member under this Article to a Tier I
25 retiree who returns to active service and has made the election
26 under paragraph (2) of subsection (a-5) of this Section shall

1 be offered expressly and irrevocably as not constituting salary
2 under Section 2-108, and the member may not accept any future
3 increase in income that is offered in violation of this
4 requirement.

5 (d) The System shall make a good faith effort to contact
6 each Tier I employee and Tier I retiree subject to this
7 Section. The System shall mail information describing the
8 required election to each Tier I employee and Tier I retiree by
9 United States Postal Service mail to his or her last known
10 address on file with the System. If the Tier I employee or Tier
11 I retiree is not responsive to other means of contact, it is
12 sufficient for the System to publish the details of any
13 required elections on its website or to publish those details
14 in a regularly published newsletter or other existing public
15 forum.

16 Tier I employees and Tier I retirees who are subject to
17 this Section shall be provided with an election packet
18 containing information regarding their options, as well as the
19 forms necessary to make the required election. Upon request,
20 the System shall offer Tier I employees and Tier I retirees an
21 opportunity to receive information from the System before
22 making the required election. The information may be provided
23 through video materials, group presentations, individual
24 consultation with a member or authorized representative of the
25 System in person or by telephone or other electronic means, or
26 any combination of those methods. The System shall not provide

1 advice or counseling with respect to which election a Tier I
2 employee or Tier I retiree should make or specific to the legal
3 or tax circumstances of or consequences to the Tier I employee
4 or Tier I retiree.

5 The System shall inform Tier I employees and Tier I
6 retirees in the election packet required under this subsection
7 that the Tier I employee or Tier I retiree may also wish to
8 obtain information and counsel relating to the election
9 required under this Section from any other available source,
10 including but not limited to labor organizations and private
11 counsel.

12 The System shall coordinate with the Illinois Department of
13 Central Management Services and each other retirement system
14 administering an election in accordance with this amendatory
15 Act of the 97th General Assembly to provide information
16 concerning the impact of the election under this Section.

17 In no event shall the System, its staff, or the Board be
18 held liable for any information given to a member, beneficiary,
19 or annuitant regarding the elections under this Section.

20 (e) Notwithstanding any other provision of law, any future
21 increases in income offered for service as a member must be
22 offered expressly and irrevocably as not constituting "salary"
23 under Section 2-108 to any Tier I employee, or Tier I retiree
24 returning to active service, who has made an election under
25 paragraph (2) or subsection (a) or (a-5) of Section 2-110.3. A
26 Tier I employee, or Tier I retiree returning to active service,

1 who has made an election under paragraph (2) or subsection (a)
2 or (a-5) of Section 2-110.3 shall not accept any future
3 increase in income that is offered for service as a member
4 under this Article in violation of the requirement set forth in
5 this subsection.

6 (f) A member's election under this Section is not a
7 prohibited election under subdivision (j)(1) of Section 1-119
8 of this Code.

9 (g) No provision of this Section shall be interpreted in a
10 way that would cause the System to cease to be a qualified plan
11 under section 461 (a) of the Internal Revenue Code of 1986.

12 (40 ILCS 5/2-119.1) (from Ch. 108 1/2, par. 2-119.1)

13 Sec. 2-119.1. Automatic increase in retirement annuity.

14 (a) Except as provided in subsections (a-1) and (a-2), a A
15 participant who retires after June 30, 1967, and who has not
16 received an initial increase under this Section before the
17 effective date of this amendatory Act of 1991, shall, in
18 January or July next following the first anniversary of
19 retirement, whichever occurs first, and in the same month of
20 each year thereafter, but in no event prior to age 60, have the
21 amount of the originally granted retirement annuity increased
22 as follows: for each year through 1971, 1 1/2%; for each year
23 from 1972 through 1979, 2%; and for 1980 and each year
24 thereafter, 3%. Annuitants who have received an initial
25 increase under this subsection prior to the effective date of

1 this amendatory Act of 1991 shall continue to receive their
2 annual increases in the same month as the initial increase.

3 (a-1) Notwithstanding any other provision of this Article,
4 for a Tier I employee or Tier I retiree who made the election
5 under paragraph (1) of subsection (a) or (a-5) of Section
6 2-110.3, the amount of each automatic annual increase in
7 retirement annuity occurring on or after the effective date of
8 that election shall be 3% or one-half of the annual unadjusted
9 percentage increase, if any, in the Consumer Price Index-U for
10 the 12 months ending with the preceding September, whichever is
11 less, of the originally granted retirement annuity. For the
12 purposes of this Section, "Consumer Price Index-U" means the
13 index published by the Bureau of Labor Statistics of the United
14 States Department of Labor that measures the average change in
15 prices of goods and services purchased by all urban consumers,
16 United States city average, all items, 1982-84 = 100.

17 (a-2) For a Tier I employee or Tier I retiree who made the
18 election under paragraph (1) of subsection (a) or (a-5) of
19 Section 2-110.3, the monthly retirement annuity shall first be
20 subject to annual increases on the January 1 occurring on or
21 next after the attainment of age 67 or the January 1 occurring
22 on or next after the fifth anniversary of the annuity start
23 date, whichever occurs earlier. If on the effective date of the
24 election under paragraph (1) of subsection (a-5) of Section
25 2-110.3 a Tier I retiree has already received an annual
26 increase under this Section but does not yet meet the new

1 eligibility requirements of this subsection, the annual
2 increases already received shall continue in force, but no
3 additional annual increase shall be granted until the Tier I
4 retiree meets the new eligibility requirements.

5 (b) Beginning January 1, 1990, for eligible participants
6 who remain in service after attaining 20 years of creditable
7 service, the 3% increases provided under subsection (a) shall
8 begin to accrue on the January 1 next following the date upon
9 which the participant (1) attains age 55, or (2) attains 20
10 years of creditable service, whichever occurs later, and shall
11 continue to accrue while the participant remains in service;
12 such increases shall become payable on January 1 or July 1,
13 whichever occurs first, next following the first anniversary of
14 retirement. For any person who has service credit in the System
15 for the entire period from January 15, 1969 through December
16 31, 1992, regardless of the date of termination of service, the
17 reference to age 55 in clause (1) of this subsection (b) shall
18 be deemed to mean age 50.

19 This subsection (b) does not apply to any person who first
20 becomes a member of the System after August 8, 2003 (the
21 effective date of Public Act 93-494) or (ii) has made the
22 election under paragraph (1) of subsection (a) or (a-5) of
23 Section 2-110.3; except that if on the effective date of the
24 election under paragraph (1) of subsection (a-5) of Section
25 2-110.3 a Tier I retiree has already received a retirement
26 annuity based on any annual increases under this subsection,

1 those annual increases under this subsection shall continue in
2 force ~~this amendatory Act of the 93rd General Assembly.~~

3 (b-5) Notwithstanding any other provision of this Article,
4 a participant who first becomes a participant on or after
5 January 1, 2011 (the effective date of Public Act 96-889)
6 shall, in January or July next following the first anniversary
7 of retirement, whichever occurs first, and in the same month of
8 each year thereafter, but in no event prior to age 67, have the
9 amount of the retirement annuity then being paid increased by
10 3% or the annual unadjusted percentage increase in the Consumer
11 Price Index for All Urban Consumers as determined by the Public
12 Pension Division of the Department of Insurance under
13 subsection (a) of Section 2-108.1, whichever is less.

14 (c) The foregoing provisions relating to automatic
15 increases are not applicable to a participant who retires
16 before having made contributions (at the rate prescribed in
17 Section 2-126) for automatic increases for less than the
18 equivalent of one full year. However, in order to be eligible
19 for the automatic increases, such a participant may make
20 arrangements to pay to the system the amount required to bring
21 the total contributions for the automatic increase to the
22 equivalent of one year's contributions based upon his or her
23 last salary.

24 (d) A participant who terminated service prior to July 1,
25 1967, with at least 14 years of service is entitled to an
26 increase in retirement annuity beginning January, 1976, and to

1 additional increases in January of each year thereafter.

2 The initial increase shall be 1 1/2% of the originally
3 granted retirement annuity multiplied by the number of full
4 years that the annuitant was in receipt of such annuity prior
5 to January 1, 1972, plus 2% of the originally granted
6 retirement annuity for each year after that date. The
7 subsequent annual increases shall be at the rate of 2% of the
8 originally granted retirement annuity for each year through
9 1979 and at the rate of 3% for 1980 and thereafter.

10 (e) Beginning January 1, 1990, all automatic annual
11 increases payable under this Section shall be calculated as a
12 percentage of the total annuity payable at the time of the
13 increase, including previous increases granted under this
14 Article.

15 (Source: P.A. 96-889, eff. 1-1-11; 96-1490, eff. 1-1-11.)

16 (40 ILCS 5/2-124) (from Ch. 108 1/2, par. 2-124)

17 Sec. 2-124. Contributions by State.

18 (a) Except as otherwise provided in this Section, the ~~The~~
19 State shall make contributions to the System by appropriations
20 of amounts which, together with the contributions of
21 participants, interest earned on investments, and other income
22 will meet the cost of maintaining and administering the System
23 on a 90% funded basis in accordance with actuarial
24 recommendations.

25 (b) The Board shall determine the amount of State

1 contributions required for each fiscal year on the basis of the
2 actuarial tables and other assumptions adopted by the Board and
3 the prescribed rate of interest, using the formula in
4 subsection (c).

5 (c) Except as otherwise provided in this Section, for ~~For~~
6 State fiscal years 2012 through 2045, the minimum contribution
7 to the System to be made by the State for each fiscal year
8 shall be an amount determined by the System to be sufficient to
9 bring the total assets of the System up to 90% of the total
10 actuarial liabilities of the System by the end of State fiscal
11 year 2045. In making these determinations, the required State
12 contribution shall be calculated each year as a level
13 percentage of payroll over the years remaining to and including
14 fiscal year 2045 and shall be determined under the projected
15 unit credit actuarial cost method.

16 For State fiscal years 1996 through 2005, the State
17 contribution to the System, as a percentage of the applicable
18 employee payroll, shall be increased in equal annual increments
19 so that by State fiscal year 2011, the State is contributing at
20 the rate required under this Section.

21 Notwithstanding any other provision of this Article, the
22 total required State contribution for State fiscal year 2006 is
23 \$4,157,000.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2007 is
26 \$5,220,300.

1 For each of State fiscal years 2008 through 2009, the State
2 contribution to the System, as a percentage of the applicable
3 employee payroll, shall be increased in equal annual increments
4 from the required State contribution for State fiscal year
5 2007, so that by State fiscal year 2011, the State is
6 contributing at the rate otherwise required under this Section.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2010 is
9 \$10,454,000 and shall be made from the proceeds of bonds sold
10 in fiscal year 2010 pursuant to Section 7.2 of the General
11 Obligation Bond Act, less (i) the pro rata share of bond sale
12 expenses determined by the System's share of total bond
13 proceeds, (ii) any amounts received from the General Revenue
14 Fund in fiscal year 2010, and (iii) any reduction in bond
15 proceeds due to the issuance of discounted bonds, if
16 applicable.

17 Notwithstanding any other provision of this Article, the
18 total required State contribution for State fiscal year 2011 is
19 the amount recertified by the System on or before April 1, 2011
20 pursuant to Section 2-134 and shall be made from the proceeds
21 of bonds sold in fiscal year 2011 pursuant to Section 7.2 of
22 the General Obligation Bond Act, less (i) the pro rata share of
23 bond sale expenses determined by the System's share of total
24 bond proceeds, (ii) any amounts received from the General
25 Revenue Fund in fiscal year 2011, and (iii) any reduction in
26 bond proceeds due to the issuance of discounted bonds, if

1 applicable.

2 Except as otherwise provided in this Section, beginning
3 ~~Beginning~~ in State fiscal year 2046, the minimum State
4 contribution for each fiscal year shall be the amount needed to
5 maintain the total assets of the System at 90% of the total
6 actuarial liabilities of the System.

7 Amounts received by the System pursuant to Section 25 of
8 the Budget Stabilization Act or Section 8.12 of the State
9 Finance Act in any fiscal year do not reduce and do not
10 constitute payment of any portion of the minimum State
11 contribution required under this Article in that fiscal year.
12 Such amounts shall not reduce, and shall not be included in the
13 calculation of, the required State contributions under this
14 Article in any future year until the System has reached a
15 funding ratio of at least 90%. A reference in this Article to
16 the "required State contribution" or any substantially similar
17 term does not include or apply to any amounts payable to the
18 System under Section 25 of the Budget Stabilization Act.

19 Notwithstanding any other provision of this Section, the
20 required State contribution for State fiscal year 2005 and for
21 fiscal year 2008 and each fiscal year thereafter, as calculated
22 under this Section and certified under Section 2-134, shall not
23 exceed an amount equal to (i) the amount of the required State
24 contribution that would have been calculated under this Section
25 for that fiscal year if the System had not received any
26 payments under subsection (d) of Section 7.2 of the General

1 Obligation Bond Act, minus (ii) the portion of the State's
2 total debt service payments for that fiscal year on the bonds
3 issued in fiscal year 2003 for the purposes of that Section
4 7.2, as determined and certified by the Comptroller, that is
5 the same as the System's portion of the total moneys
6 distributed under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act. In determining this maximum for State
8 fiscal years 2008 through 2010, however, the amount referred to
9 in item (i) shall be increased, as a percentage of the
10 applicable employee payroll, in equal increments calculated
11 from the sum of the required State contribution for State
12 fiscal year 2007 plus the applicable portion of the State's
13 total debt service payments for fiscal year 2007 on the bonds
14 issued in fiscal year 2003 for the purposes of Section 7.2 of
15 the General Obligation Bond Act, so that, by State fiscal year
16 2011, the State is contributing at the rate otherwise required
17 under this Section.

18 (c-1) If at least 50% of Tier I employees making an
19 election under Section 2-110.3 before June 1, 2013 choose the
20 option under paragraph (1) of subsection (a) of that Section,
21 then:

22 (1) In lieu of the State contributions required under
23 subsection (c), for State fiscal years 2014 through 2043
24 the minimum contribution to the System to be made by the
25 State for each fiscal year shall be an amount determined by
26 the System to be equal to the sum of (1) the State's

1 portion of the projected normal cost for that fiscal year,
2 plus (2) an amount sufficient to bring the total assets of
3 the System up to 100% of the total actuarial liabilities of
4 the System by the end of State fiscal year 2043. In making
5 these determinations, the required State contribution
6 shall be calculated each year as a level percentage of
7 payroll over the years remaining to and including fiscal
8 year 2043 and shall be determined under the projected unit
9 credit actuarial cost method.

10 (2) Beginning in State fiscal year 2044, the minimum
11 State contribution for each fiscal year shall be the amount
12 needed to maintain the total assets of the System at 100%
13 of the total actuarial liabilities of the System.

14 (c-2) If less than 50% of Tier I employees making an
15 election under Section 14-106.5 before June 1, 2013 choose the
16 option under paragraph (1) of subsection (a) of that Section,
17 then:

18 (1) Instead of the annual required contribution
19 otherwise specified in subsection (c-1) of this Section,
20 the annual required contribution to the System to be made
21 by the State shall be determined under subsection (c) of
22 this Section.

23 (2) As soon as possible after June 1, 2013, the Board
24 shall recertify the annual required contribution by the
25 State for State fiscal year 2014.

26 (d) For purposes of determining the required State

1 contribution to the System, the value of the System's assets
2 shall be equal to the actuarial value of the System's assets,
3 which shall be calculated as follows:

4 As of June 30, 2008, the actuarial value of the System's
5 assets shall be equal to the market value of the assets as of
6 that date. In determining the actuarial value of the System's
7 assets for fiscal years after June 30, 2008, any actuarial
8 gains or losses from investment return incurred in a fiscal
9 year shall be recognized in equal annual amounts over the
10 5-year period following that fiscal year.

11 (e) For purposes of determining the required State
12 contribution to the system for a particular year, the actuarial
13 value of assets shall be assumed to earn a rate of return equal
14 to the system's actuarially assumed rate of return.

15 (Source: P.A. 95-950, eff. 8-29-08; 96-43, eff. 7-15-09;
16 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11; 96-1554, eff.
17 3-18-11; revised 4-6-11.)

18 (40 ILCS 5/2-134) (from Ch. 108 1/2, par. 2-134)

19 Sec. 2-134. To certify required State contributions and
20 submit vouchers.

21 (a) The Board shall certify to the Governor on or before
22 December 15 of each year until December 15, 2011 the amount of
23 the required State contribution to the System for the next
24 fiscal year and shall specifically identify the System's
25 projected State normal cost for that fiscal year. The

1 certification shall include a copy of the actuarial
2 recommendations upon which it is based and shall specifically
3 identify the System's projected State normal cost for that
4 fiscal year.

5 On or before November 1 of each year, beginning November 1,
6 2012, the Board shall submit to the State Actuary, the
7 Governor, and the General Assembly a proposed certification of
8 the amount of the required State contribution to the System for
9 the next fiscal year, along with all of the actuarial
10 assumptions, calculations, and data upon which that proposed
11 certification is based. On or before January 1 of each year
12 beginning January 1, 2013, the State Actuary shall issue a
13 preliminary report concerning the proposed certification and
14 identifying, if necessary, recommended changes in actuarial
15 assumptions that the Board must consider before finalizing its
16 certification of the required State contributions. On or before
17 January 15, 2013 and every January 15 thereafter, the Board
18 shall certify to the Governor and the General Assembly the
19 amount of the required State contribution for the next fiscal
20 year. The Board's certification must note any deviations from
21 the State Actuary's recommended changes, the reason or reasons
22 for not following the State Actuary's recommended changes, and
23 the fiscal impact of not following the State Actuary's
24 recommended changes on the required State contribution.

25 On or before May 1, 2004, the Board shall recalculate and
26 recertify to the Governor the amount of the required State

1 contribution to the System for State fiscal year 2005, taking
2 into account the amounts appropriated to and received by the
3 System under subsection (d) of Section 7.2 of the General
4 Obligation Bond Act.

5 On or before July 1, 2005, the Board shall recalculate and
6 recertify to the Governor the amount of the required State
7 contribution to the System for State fiscal year 2006, taking
8 into account the changes in required State contributions made
9 by this amendatory Act of the 94th General Assembly.

10 On or before April 1, 2011, the Board shall recalculate and
11 recertify to the Governor the amount of the required State
12 contribution to the System for State fiscal year 2011, applying
13 the changes made by Public Act 96-889 to the System's assets
14 and liabilities as of June 30, 2009 as though Public Act 96-889
15 was approved on that date.

16 (b) Beginning in State fiscal year 1996, on or as soon as
17 possible after the 15th day of each month the Board shall
18 submit vouchers for payment of State contributions to the
19 System, in a total monthly amount of one-twelfth of the
20 required annual State contribution certified under subsection
21 (a). From the effective date of this amendatory Act of the 93rd
22 General Assembly through June 30, 2004, the Board shall not
23 submit vouchers for the remainder of fiscal year 2004 in excess
24 of the fiscal year 2004 certified contribution amount
25 determined under this Section after taking into consideration
26 the transfer to the System under subsection (d) of Section

1 6z-61 of the State Finance Act. These vouchers shall be paid by
2 the State Comptroller and Treasurer by warrants drawn on the
3 funds appropriated to the System for that fiscal year. If in
4 any month the amount remaining unexpended from all other
5 appropriations to the System for the applicable fiscal year
6 (including the appropriations to the System under Section 8.12
7 of the State Finance Act and Section 1 of the State Pension
8 Funds Continuing Appropriation Act) is less than the amount
9 lawfully vouchered under this Section, the difference shall be
10 paid from the General Revenue Fund under the continuing
11 appropriation authority provided in Section 1.1 of the State
12 Pension Funds Continuing Appropriation Act.

13 (c) The full amount of any annual appropriation for the
14 System for State fiscal year 1995 shall be transferred and made
15 available to the System at the beginning of that fiscal year at
16 the request of the Board. Any excess funds remaining at the end
17 of any fiscal year from appropriations shall be retained by the
18 System as a general reserve to meet the System's accrued
19 liabilities.

20 (Source: P.A. 95-331, eff. 8-21-07; 96-1497, eff. 1-14-11;
21 96-1511, eff. 1-27-11.)

22 (40 ILCS 5/7-109) (from Ch. 108 1/2, par. 7-109)

23 Sec. 7-109. Employee.

24 (1) "Employee" means any person who:

25 (a) 1. Receives earnings as payment for the performance

1 of personal services or official duties out of the
2 general fund of a municipality, or out of any special
3 fund or funds controlled by a municipality, or by an
4 instrumentality thereof, or a participating
5 instrumentality, including, in counties, the fees or
6 earnings of any county fee office; and

7 2. Under the usual common law rules applicable in
8 determining the employer-employee relationship, has
9 the status of an employee with a municipality, or any
10 instrumentality thereof, or a participating
11 instrumentality, including aldermen, county
12 supervisors and other persons (excepting those
13 employed as independent contractors) who are paid
14 compensation, fees, allowances or other emolument for
15 official duties, and, in counties, the several county
16 fee offices.

17 (b) Serves as a township treasurer appointed under the
18 School Code, as heretofore or hereafter amended, and who
19 receives for such services regular compensation as
20 distinguished from per diem compensation, and any regular
21 employee in the office of any township treasurer whether or
22 not his earnings are paid from the income of the permanent
23 township fund or from funds subject to distribution to the
24 several school districts and parts of school districts as
25 provided in the School Code, or from both such sources; or
26 is the chief executive officer, chief educational officer,

1 chief fiscal officer, or other employee of a Financial
2 Oversight Panel established pursuant to Article 1H of the
3 School Code, other than a superintendent or certified
4 school business official, except that such person shall not
5 be treated as an employee under this Section if that person
6 has negotiated with the Financial Oversight Panel, in
7 conjunction with the school district, a contractual
8 agreement for exclusion from this Section.

9 (c) Holds an elective office in a municipality,
10 instrumentality thereof or participating instrumentality.

11 (2) "Employee" does not include persons who:

12 (a) Are eligible for inclusion under any of the
13 following laws:

14 1. "An Act in relation to an Illinois State
15 Teachers' Pension and Retirement Fund", approved May
16 27, 1915, as amended;

17 2. Articles 15 and 16 of this Code.

18 However, such persons shall be included as employees to
19 the extent of earnings that are not eligible for inclusion
20 under the foregoing laws for services not of an
21 instructional nature of any kind.

22 However, any member of the armed forces who is employed
23 as a teacher of subjects in the Reserve Officers Training
24 Corps of any school and who is not certified under the law
25 governing the certification of teachers shall be included
26 as an employee.

1 (b) Are designated by the governing body of a
2 municipality in which a pension fund is required by law to
3 be established for policemen or firemen, respectively, as
4 performing police or fire protection duties, except that
5 when such persons are the heads of the police or fire
6 department and are not eligible to be included within any
7 such pension fund, they shall be included within this
8 Article; provided, that such persons shall not be excluded
9 to the extent of concurrent service and earnings not
10 designated as being for police or fire protection duties.
11 However, (i) any head of a police department who was a
12 participant under this Article immediately before October
13 1, 1977 and did not elect, under Section 3-109 of this Act,
14 to participate in a police pension fund shall be an
15 "employee", and (ii) any chief of police who elects to
16 participate in this Fund under Section 3-109.1 of this
17 Code, regardless of whether such person continues to be
18 employed as chief of police or is employed in some other
19 rank or capacity within the police department, shall be an
20 employee under this Article for so long as such person is
21 employed to perform police duties by a participating
22 municipality and has not lawfully rescinded that election.

23 (c) After August 26, 2011 (the effective date of Public
24 Act 97-609) ~~this amendatory Act of the 97th General~~
25 ~~Assembly~~, are contributors to or eligible to contribute to
26 a Taft-Hartley pension plan established on or before June

1 1, 2011 and are employees of a theatre, arena, or
2 convention center that is located in a municipality located
3 in a county with a population greater than 5,000,000, and
4 to which the participating municipality is required to
5 contribute as the person's employer based on earnings from
6 the municipality. Nothing in this paragraph shall affect
7 service credit or creditable service for any period of
8 service prior to August 26, 2011 ~~the effective date of this~~
9 ~~amendatory Act of the 97th General Assembly~~, and this
10 paragraph shall not apply to individuals who are
11 participating in the Fund prior to August 26, 2011 ~~the~~
12 ~~effective date of this amendatory Act of the 97th General~~
13 ~~Assembly~~.

14 (d) Become an employee of any of the following
15 participating instrumentalities on or after the effective
16 date of this amendatory Act of the 97th General Assembly:
17 the Illinois Municipal League; the Illinois Association of
18 Park Districts; the Illinois Supervisors, County
19 Commissioners and Superintendents of Highways Association;
20 the Township School District Trustees; the United Counties
21 Council; or the Will County Governmental League.

22 (3) All persons, including, without limitation, public
23 defenders and probation officers, who receive earnings from
24 general or special funds of a county for performance of
25 personal services or official duties within the territorial
26 limits of the county, are employees of the county (unless

1 excluded by subsection (2) of this Section) notwithstanding
2 that they may be appointed by and are subject to the direction
3 of a person or persons other than a county board or a county
4 officer. It is hereby established that an employer-employee
5 relationship under the usual common law rules exists between
6 such employees and the county paying their salaries by reason
7 of the fact that the county boards fix their rates of
8 compensation, appropriate funds for payment of their earnings
9 and otherwise exercise control over them. This finding and this
10 amendatory Act shall apply to all such employees from the date
11 of appointment whether such date is prior to or after the
12 effective date of this amendatory Act and is intended to
13 clarify existing law pertaining to their status as
14 participating employees in the Fund.

15 (Source: P.A. 97-429, eff. 8-16-11; 97-609, eff. 8-26-11;
16 revised 9-28-11.)

17 (40 ILCS 5/14-103.10) (from Ch. 108 1/2, par. 14-103.10)

18 Sec. 14-103.10. Compensation.

19 (a) For periods of service prior to January 1, 1978, the
20 full rate of salary or wages payable to an employee for
21 personal services performed if he worked the full normal
22 working period for his position, subject to the following
23 maximum amounts: (1) prior to July 1, 1951, \$400 per month or
24 \$4,800 per year; (2) between July 1, 1951 and June 30, 1957
25 inclusive, \$625 per month or \$7,500 per year; (3) beginning

1 July 1, 1957, no limitation.

2 In the case of service of an employee in a position
3 involving part-time employment, compensation shall be
4 determined according to the employees' earnings record.

5 (b) For periods of service on and after January 1, 1978,
6 all remuneration for personal services performed defined as
7 "wages" under the Social Security Enabling Act, including that
8 part of such remuneration which is in excess of any maximum
9 limitation provided in such Act, and including any benefits
10 received by an employee under a sick pay plan in effect before
11 January 1, 1981, but excluding lump sum salary payments:

- 12 (1) for vacation,
13 (2) for accumulated unused sick leave,
14 (3) upon discharge or dismissal,
15 (4) for approved holidays.

16 (c) For periods of service on or after December 16, 1978,
17 compensation also includes any benefits, other than lump sum
18 salary payments made at termination of employment, which an
19 employee receives or is eligible to receive under a sick pay
20 plan authorized by law.

21 (d) For periods of service after September 30, 1985,
22 compensation also includes any remuneration for personal
23 services not included as "wages" under the Social Security
24 Enabling Act, which is deducted for purposes of participation
25 in a program established pursuant to Section 125 of the
26 Internal Revenue Code or its successor laws.

1 (e) For members for which Section 1-160 applies for periods
2 of service on and after January 1, 2011, all remuneration for
3 personal services performed defined as "wages" under the Social
4 Security Enabling Act, excluding remuneration that is in excess
5 of the annual earnings, salary, or wages of a member or
6 participant, as provided in subsection (b-5) of Section 1-160,
7 but including any benefits received by an employee under a sick
8 pay plan in effect before January 1, 1981. Compensation shall
9 exclude lump sum salary payments:

- 10 (1) for vacation;
11 (2) for accumulated unused sick leave;
12 (3) upon discharge or dismissal; and
13 (4) for approved holidays.

14 (f) Notwithstanding any other provision of this Section,
15 "compensation" does not include any future increase in income
16 offered by a department under this Article pursuant to the
17 requirements of subsection (c) of Section 14-106.5 that is
18 accepted by a Tier I employee, or a Tier I retiree returning to
19 active service, who has made an election under paragraph (2) of
20 subsection (a) or (a-5) of Section 14-106.5.

21 (g) Notwithstanding the other provisions of this Section,
22 for an employee who first becomes a participant on or after the
23 effective date of this amendatory Act of the 97th General
24 Assembly, "compensation" does not include any payments or
25 reimbursements for travel vouchers.

26 (Source: P.A. 96-1490, eff. 1-1-11.)

1 (40 ILCS 5/14-103.40 new)

2 Sec. 14-103.40. Tier I employee. "Tier I employee": An
3 employee under this Article who first became a member or
4 participant before January 1, 2011 under any reciprocal
5 retirement system or pension fund established under this Code
6 other than a retirement system or pension fund established
7 under Article 2, 3, 4, 5, 6, or 18 of this Code.

8 (40 ILCS 5/14-103.41 new)

9 Sec. 14-103.41. Tier I retiree. "Tier I retiree": A former
10 Tier I employee who is receiving a retirement annuity.

11 (40 ILCS 5/14-103.42 new)

12 Sec. 14-103.42. Future increase in income. "Future
13 increase in income": Any increase in income in any form offered
14 by a department to an employee under this Article after June
15 30, 2013 that would qualify as "compensation", as defined under
16 Section 14-103.10, but for the fact that the department offered
17 the increase in income to the employee on the condition that it
18 not qualify as compensation and the employee accepted the
19 increase in income subject to that condition. The term "future
20 increase in income" does not include an increase in income in
21 any form that is paid to a Tier I employee under an employment
22 contract or collective bargaining agreement that is in effect
23 on the effective date of this Section but does include an

1 increase in income in any form pursuant to an extension,
2 amendment, or renewal of any such employment contract or
3 collective bargaining agreement on or after the effective date
4 of this amendatory Act of the 97th General Assembly.

5 (40 ILCS 5/14-106) (from Ch. 108 1/2, par. 14-106)

6 Sec. 14-106. Membership service credit.

7 (a) After January 1, 1944, all service of a member since he
8 last became a member with respect to which contributions are
9 made shall count as membership service; provided, that for
10 service on and after July 1, 1950, 12 months of service shall
11 constitute a year of membership service, the completion of 15
12 days or more of service during any month shall constitute 1
13 month of membership service, 8 to 15 days shall constitute 1/2
14 month of membership service and less than 8 days shall
15 constitute 1/4 month of membership service. The payroll record
16 of each department shall constitute conclusive evidence of the
17 record of service rendered by a member.

18 (b) For a member who is employed and paid on an
19 academic-year basis rather than on a 12-month annual basis,
20 employment for a full academic year shall constitute a full
21 year of membership service, except that the member shall not
22 receive more than one year of membership service credit (plus
23 any additional service credit granted for unused sick leave)
24 for service during any 12-month period. This subsection (b)
25 applies to all such service for which the member has not begun

1 to receive a retirement annuity before January 1, 2001.

2 (c) A member who first participated in this System before
3 the effective date of this amendatory Act of the 97th General
4 Assembly shall be entitled to additional service credit, under
5 rules prescribed by the Board, for accumulated unused sick
6 leave credited to his account in the last Department on the
7 date of withdrawal from service or for any period for which he
8 would have been eligible to receive benefits under a sick pay
9 plan authorized by law, if he had suffered a sickness or
10 accident on the date of withdrawal from service. It shall be
11 the responsibility of the last Department to certify to the
12 Board the length of time salary or benefits would have been
13 paid to the member based upon the accumulated unused sick leave
14 or the applicable sick pay plan if he had become entitled
15 thereto because of sickness on the date that his status as an
16 employee terminated. This period of service credit granted
17 under this paragraph shall not be considered in determining the
18 date the retirement annuity is to begin, or final average
19 compensation.

20 Service credit is not available for unused sick leave
21 accumulated by a person who first participates in this System
22 on or after the effective date of this amendatory Act of the
23 97th General Assembly.

24 (Source: P.A. 92-14, eff. 6-28-01.)

25 (40 ILCS 5/14-106.5 new)

1 Sec. 14-106.5. Election by Tier I employees and Tier I
2 retirees.

3 (a) Each Tier I employee shall make an irrevocable election
4 either:

5 (1) to agree to the following:

6 (i) to have the amount of the automatic annual
7 increases in his or her retirement annuity that are
8 otherwise provided for in this Article calculated,
9 instead, as provided in subsection (a-1) of Section
10 14-114; and

11 (ii) to have his or her eligibility for automatic
12 annual increases in retirement annuity postponed as
13 provided in subsection (a-2) of Section 14-114; or

14 (2) to not agree to items (i) and (ii) as set forth in
15 paragraph (1) of this subsection.

16 The election required under this subsection (a) shall be
17 made by each Tier I employee no earlier than January 1, 2013
18 and no later than May 31, 2013, except that:

19 (i) a person who becomes a Tier I employee under this
20 Article after January 1, 2013 must make the election under
21 this subsection (a) within 60 days after becoming a Tier I
22 employee;

23 (ii) a person who returns to active service as a Tier I
24 employee under this Article after January 1, 2013 and has
25 not yet made an election under this Section must make the
26 election under this subsection (a) within 60 days after

1 returning to active service as a Tier I employee; and

2 (iii) a person who made the election under subsection
3 (a-5) as a Tier I retiree remains bound by that election
4 and shall not make a later election under this subsection
5 (a).

6 If a Tier I employee fails for any reason to make a
7 required election under this subsection within the time
8 specified, then the employee shall be deemed to have made the
9 election under paragraph (2) of this subsection.

10 (a-5) Each Tier I retiree shall make an irrevocable
11 election either:

12 (1) to agree to the following:

13 (i) to have the amount of the automatic annual
14 increases in his or her retirement annuity that are
15 otherwise provided for in this Article calculated,
16 instead, as provided in subsection (a-1) of Section
17 14-114; and

18 (ii) to have his or her eligibility for automatic
19 annual increases in retirement annuity postponed as
20 provided in subsection (a-2) of Section 14-114; or

21 (2) to not agree to items (i) and (ii) as set forth in
22 paragraph (1) of this subsection.

23 The election required under this subsection (a-5) shall be
24 made by each Tier I retiree no earlier than January 1, 2013 and
25 no later than May 31, 2013, except that:

26 (i) a person who becomes a Tier I retiree under this

1 Article on or after January 1, 2013 must make the election
2 under this subsection (a-5) within 60 days after becoming a
3 Tier I retiree; and

4 (ii) a person who made the election under subsection
5 (a) as a Tier I employee remains bound by that election and
6 shall not make a later election under this subsection
7 (a-5).

8 If a Tier I retiree fails for any reason to make a required
9 election under this subsection within the time specified, then
10 the Tier I retiree shall be deemed to have made the election
11 under paragraph (2) of this subsection.

12 (a-10) All elections under subsection (a) or (a-5) that are
13 made or deemed to be made before June 1, 2013 shall take effect
14 on July 1, 2013. Elections that are made or deemed to be made
15 on or after June 1, 2013 shall take effect on the first day of
16 the month following the month in which the election is made or
17 deemed to be made.

18 (b) As adequate and legal consideration provided under this
19 amendatory Act of the 97th General Assembly for making the
20 election under paragraph (1) of subsection (a) of this Section,
21 any future increases in income offered by a department under
22 this Article to a Tier I employee who has made the election
23 under paragraph (1) of subsection (a) of this Section shall be
24 offered expressly and irrevocably as constituting compensation
25 under Section 14-103.10.

26 As adequate and legal consideration provided under this

1 amendatory Act of the 97th General Assembly for making the
2 election under paragraph (1) of subsection (a-5) of this
3 Section, any future increases in income offered by a department
4 under this Article to a Tier I retiree who returns to active
5 service after having made the election under paragraph (1) of
6 subsection (a-5) of this Section shall be offered expressly and
7 irrevocably as constituting compensation under Section
8 14-103.10.

9 (c) A Tier I employee who makes the election under
10 paragraph (2) of subsection (a) of this Section shall not be
11 subject to items (i) and (ii) set forth in paragraph (1) of
12 subsection (a) of this Section. However, any future increases
13 in income offered by a department under this Article to a Tier
14 I employee who has made the election under paragraph (2) of
15 subsection (a) of this Section shall be offered by the
16 department expressly and irrevocably as not constituting
17 compensation under Section 14-103.10, and the employee may not
18 accept any future increase in income that is offered in
19 violation of this requirement.

20 A Tier I retiree who makes the election under paragraph (2)
21 of subsection (a-5) of this Section shall not be subject to
22 items (i) and (ii) set forth in paragraph (1) of subsection
23 (a-5) of this Section. However, any future increases in income
24 offered by a department under this Article to a Tier I retiree
25 who returns to active service and has made the election under
26 paragraph (2) of subsection (a-5) of this Section shall be

1 offered by the department expressly and irrevocably as not
2 constituting compensation under Section 14-103.10, and the
3 employee may not accept any future increase in income that is
4 offered in violation of this requirement.

5 (d) The System shall make a good faith effort to contact
6 each Tier I employee and Tier I retiree subject to this
7 Section. The System shall mail information describing the
8 required election to each Tier I employee and Tier I retiree by
9 United States Postal Service mail to his or her last known
10 address on file with the System. If the Tier I employee or Tier
11 I retiree is not responsive to other means of contact, it is
12 sufficient for the System to publish the details of any
13 required elections on its website or to publish those details
14 in a regularly published newsletter or other existing public
15 forum.

16 Tier I employees and Tier I retirees who are subject to
17 this Section shall be provided with an election packet
18 containing information regarding their options, as well as the
19 forms necessary to make the required election. Upon request,
20 the System shall offer Tier I employees and Tier I retirees an
21 opportunity to receive information from the System before
22 making the required election. The information may consist of
23 video materials, group presentations, individual consultation
24 with a member or authorized representative of the System in
25 person or by telephone or other electronic means, or any
26 combination of those methods. The System shall not provide

1 advice or counseling with respect to which election a Tier I
2 employee or Tier I retiree should make or specific to the legal
3 or tax circumstances of or consequences to the Tier I employee
4 or Tier I retiree.

5 The System shall inform Tier I employees and Tier I
6 retirees in the election packet required under this subsection
7 that the Tier I employee or Tier I retiree may also wish to
8 obtain information and counsel relating to the election
9 required under this Section from any other available source,
10 including but not limited to labor organizations and private
11 counsel.

12 The System shall coordinate with the Illinois Department of
13 Central Management Services and each other retirement system
14 administering an election in accordance with this amendatory
15 Act of the 97th General Assembly to provide information
16 concerning the impact of the election under this Section.

17 In no event shall the System, its staff, or the Board be
18 held liable for any information given to a member, beneficiary,
19 or annuitant regarding the elections under this Section.

20 (e) Notwithstanding any other provision of law, a
21 department under this Article is required to offer any future
22 increases in income expressly and irrevocably as not
23 constituting "compensation" under Section 14-103.10 to any
24 Tier I employee, or Tier I retiree returning to active service,
25 who has made an election under paragraph (2) of subsection (a)
26 or (a-5) of Section 14-106.5. A Tier I employee, or Tier I

1 retiree returning to active service, who has made an election
2 under paragraph (2) of subsection (a) or (a-5) of Section
3 14-106.5 shall not accept any future increase in income that is
4 offered by an employer under this Article in violation of the
5 requirement set forth in this subsection.

6 (f) A member's election under this Section is not a
7 prohibited election under subdivision (j)(1) of Section 1-119
8 of this Code.

9 (g) No provision of this Section shall be interpreted in a
10 way that would cause the System to cease to be a qualified plan
11 under section 461 (a) of the Internal Revenue Code of 1986.

12 (40 ILCS 5/14-114) (from Ch. 108 1/2, par. 14-114)

13 Sec. 14-114. Automatic increase in retirement annuity.

14 (a) Subject to the provisions of subsections (a-1) and
15 (a-2), any ~~Any~~ person receiving a retirement annuity under this
16 Article who retires having attained age 60, or who retires
17 before age 60 having at least 35 years of creditable service,
18 or who retires on or after January 1, 2001 at an age which,
19 when added to the number of years of his or her creditable
20 service, equals at least 85, shall, on January 1 next following
21 the first full year of retirement, have the amount of the then
22 fixed and payable monthly retirement annuity increased 3%. Any
23 person receiving a retirement annuity under this Article who
24 retires before attainment of age 60 and with less than (i) 35
25 years of creditable service if retirement is before January 1,

1 2001, or (ii) the number of years of creditable service which,
2 when added to the member's age, would equal 85, if retirement
3 is on or after January 1, 2001, shall have the amount of the
4 fixed and payable retirement annuity increased by 3% on the
5 January 1 occurring on or next following (1) attainment of age
6 60, or (2) the first anniversary of retirement, whichever
7 occurs later. However, for persons who receive the alternative
8 retirement annuity under Section 14-110, references in this
9 subsection (a) to attainment of age 60 shall be deemed to refer
10 to attainment of age 55. For a person receiving early
11 retirement incentives under Section 14-108.3 whose retirement
12 annuity began after January 1, 1992 pursuant to an extension
13 granted under subsection (e) of that Section, the first
14 anniversary of retirement shall be deemed to be January 1,
15 1993. For a person who retires on or after June 28, 2001 and on
16 or before October 1, 2001, and whose retirement annuity is
17 calculated, in whole or in part, under Section 14-110 or
18 subsection (g) or (h) of Section 14-108, the first anniversary
19 of retirement shall be deemed to be January 1, 2002.

20 On each January 1 following the date of the initial
21 increase under this subsection, the employee's monthly
22 retirement annuity shall be increased by an additional 3%.

23 Beginning January 1, 1990 and except as provided in
24 subsections (a-1) and (a-2), all automatic annual increases
25 payable under this Section shall be calculated as a percentage
26 of the total annuity payable at the time of the increase,

1 including previous increases granted under this Article.

2 (a-1) Notwithstanding any other provision of this Article,
3 for a Tier I employee or Tier I retiree who made the election
4 under paragraph (1) of subsection (a) or (a-5) of Section
5 14-106.5, the amount of each automatic annual increase in
6 retirement annuity occurring on or after the effective date of
7 that election shall be 3% or one-half of the annual unadjusted
8 percentage increase, if any, in the Consumer Price Index-U for
9 the 12 months ending with the preceding September, whichever is
10 less, of the originally granted retirement annuity. For the
11 purposes of this Section, "Consumer Price Index-U" means the
12 index published by the Bureau of Labor Statistics of the United
13 States Department of Labor that measures the average change in
14 prices of goods and services purchased by all urban consumers,
15 United States city average, all items, 1982-84 = 100.

16 (a-2) Notwithstanding any other provision of this Article,
17 for a Tier I employee or Tier I retiree who made the election
18 under paragraph (1) of subsection (a) or (a-5) of Section
19 14-106.5, the monthly retirement annuity shall first be subject
20 to annual increases on the January 1 occurring on or next after
21 either the attainment of age 67 or the January 1 occurring on
22 or next after the fifth anniversary of the annuity start date,
23 whichever occurs earlier. If on the effective date of the
24 election under paragraph (1) of subsection (a-5) of Section
25 14-106.5 a Tier I retiree has already received an annual
26 increase under this Section but does not yet meet the new

1 eligibility requirements of this subsection, the annual
2 increases already received shall continue in force, but no
3 additional annual increase shall be granted until the Tier I
4 retiree meets the new eligibility requirements.

5 (b) The provisions of subsection (a) of this Section shall
6 be applicable to an employee only if the employee makes the
7 additional contributions required after December 31, 1969 for
8 the purpose of the automatic increases for not less than the
9 equivalent of one full year. If an employee becomes an
10 annuitant before his additional contributions equal one full
11 year's contributions based on his salary at the date of
12 retirement, the employee may pay the necessary balance of the
13 contributions to the system, without interest, and be eligible
14 for the increasing annuity authorized by this Section.

15 (c) The provisions of subsection (a) of this Section shall
16 not be applicable to any annuitant who is on retirement on
17 December 31, 1969, and thereafter returns to State service,
18 unless the member has established at least one year of
19 additional creditable service following reentry into service.

20 (d) In addition to other increases which may be provided by
21 this Section, on January 1, 1981 any annuitant who was
22 receiving a retirement annuity on or before January 1, 1971
23 shall have his retirement annuity then being paid increased \$1
24 per month for each year of creditable service. On January 1,
25 1982, any annuitant who began receiving a retirement annuity on
26 or before January 1, 1977, shall have his retirement annuity

1 then being paid increased \$1 per month for each year of
2 creditable service.

3 On January 1, 1987, any annuitant who began receiving a
4 retirement annuity on or before January 1, 1977, shall have the
5 monthly retirement annuity increased by an amount equal to 8¢
6 per year of creditable service times the number of years that
7 have elapsed since the annuity began.

8 (e) Every person who receives the alternative retirement
9 annuity under Section 14-110 and who is eligible to receive the
10 3% increase under subsection (a) on January 1, 1986, shall also
11 receive on that date a one-time increase in retirement annuity
12 equal to the difference between (1) his actual retirement
13 annuity on that date, including any increases received under
14 subsection (a), and (2) the amount of retirement annuity he
15 would have received on that date if the amendments to
16 subsection (a) made by Public Act 84-162 had been in effect
17 since the date of his retirement.

18 (Source: P.A. 91-927, eff. 12-14-00; 92-14, eff. 6-28-01;
19 92-651, eff. 7-11-02.)

20 (40 ILCS 5/14-131)

21 Sec. 14-131. Contributions by State.

22 (a) Except as otherwise provided in this Section, the ~~The~~
23 State shall make contributions to the System by appropriations
24 of amounts which, together with other employer contributions
25 from trust, federal, and other funds, employee contributions,

1 investment income, and other income, will be sufficient to meet
2 the cost of maintaining and administering the System on a 90%
3 funded basis in accordance with actuarial recommendations.

4 For the purposes of this Section and Section 14-135.08,
5 references to State contributions refer only to employer
6 contributions and do not include employee contributions that
7 are picked up or otherwise paid by the State or a department on
8 behalf of the employee.

9 (b) The Board shall determine the total amount of State
10 contributions required for each fiscal year on the basis of the
11 actuarial tables and other assumptions adopted by the Board,
12 using the formula in subsection (e).

13 The Board shall also determine a State contribution rate
14 for each fiscal year, expressed as a percentage of payroll,
15 based on the total required State contribution for that fiscal
16 year (less the amount received by the System from
17 appropriations under Section 8.12 of the State Finance Act and
18 Section 1 of the State Pension Funds Continuing Appropriation
19 Act, if any, for the fiscal year ending on the June 30
20 immediately preceding the applicable November 15 certification
21 deadline), the estimated payroll (including all forms of
22 compensation) for personal services rendered by eligible
23 employees, and the recommendations of the actuary.

24 For the purposes of this Section and Section 14.1 of the
25 State Finance Act, the term "eligible employees" includes
26 employees who participate in the System, persons who may elect

1 to participate in the System but have not so elected, persons
2 who are serving a qualifying period that is required for
3 participation, and annuitants employed by a department as
4 described in subdivision (a) (1) or (a) (2) of Section 14-111.

5 (c) Contributions shall be made by the several departments
6 for each pay period by warrants drawn by the State Comptroller
7 against their respective funds or appropriations based upon
8 vouchers stating the amount to be so contributed. These amounts
9 shall be based on the full rate certified by the Board under
10 Section 14-135.08 for that fiscal year. From the effective date
11 of this amendatory Act of the 93rd General Assembly through the
12 payment of the final payroll from fiscal year 2004
13 appropriations, the several departments shall not make
14 contributions for the remainder of fiscal year 2004 but shall
15 instead make payments as required under subsection (a-1) of
16 Section 14.1 of the State Finance Act. The several departments
17 shall resume those contributions at the commencement of fiscal
18 year 2005.

19 (c-1) Notwithstanding subsection (c) of this Section, for
20 fiscal years 2010 and 2012 only, contributions by the several
21 departments are not required to be made for General Revenue
22 Funds payrolls processed by the Comptroller. Payrolls paid by
23 the several departments from all other State funds must
24 continue to be processed pursuant to subsection (c) of this
25 Section.

26 (c-2) For State fiscal years 2010 and 2012 only, on or as

1 soon as possible after the 15th day of each month, the Board
2 shall submit vouchers for payment of State contributions to the
3 System, in a total monthly amount of one-twelfth of the fiscal
4 year General Revenue Fund contribution as certified by the
5 System pursuant to Section 14-135.08 of the Illinois Pension
6 Code.

7 (d) If an employee is paid from trust funds or federal
8 funds, the department or other employer shall pay employer
9 contributions from those funds to the System at the certified
10 rate, unless the terms of the trust or the federal-State
11 agreement preclude the use of the funds for that purpose, in
12 which case the required employer contributions shall be paid by
13 the State. From the effective date of this amendatory Act of
14 the 93rd General Assembly through the payment of the final
15 payroll from fiscal year 2004 appropriations, the department or
16 other employer shall not pay contributions for the remainder of
17 fiscal year 2004 but shall instead make payments as required
18 under subsection (a-1) of Section 14.1 of the State Finance
19 Act. The department or other employer shall resume payment of
20 contributions at the commencement of fiscal year 2005.

21 (e) Except as otherwise provided in this Section, for ~~For~~
22 State fiscal years 2012 through 2045, the minimum contribution
23 to the System to be made by the State for each fiscal year
24 shall be an amount determined by the System to be sufficient to
25 bring the total assets of the System up to 90% of the total
26 actuarial liabilities of the System by the end of State fiscal

1 year 2045. In making these determinations, the required State
2 contribution shall be calculated each year as a level
3 percentage of payroll over the years remaining to and including
4 fiscal year 2045 and shall be determined under the projected
5 unit credit actuarial cost method.

6 For State fiscal years 1996 through 2005, the State
7 contribution to the System, as a percentage of the applicable
8 employee payroll, shall be increased in equal annual increments
9 so that by State fiscal year 2011, the State is contributing at
10 the rate required under this Section; except that (i) for State
11 fiscal year 1998, for all purposes of this Code and any other
12 law of this State, the certified percentage of the applicable
13 employee payroll shall be 5.052% for employees earning eligible
14 creditable service under Section 14-110 and 6.500% for all
15 other employees, notwithstanding any contrary certification
16 made under Section 14-135.08 before the effective date of this
17 amendatory Act of 1997, and (ii) in the following specified
18 State fiscal years, the State contribution to the System shall
19 not be less than the following indicated percentages of the
20 applicable employee payroll, even if the indicated percentage
21 will produce a State contribution in excess of the amount
22 otherwise required under this subsection and subsection (a):
23 9.8% in FY 1999; 10.0% in FY 2000; 10.2% in FY 2001; 10.4% in FY
24 2002; 10.6% in FY 2003; and 10.8% in FY 2004.

25 Notwithstanding any other provision of this Article, the
26 total required State contribution to the System for State

1 fiscal year 2006 is \$203,783,900.

2 Notwithstanding any other provision of this Article, the
3 total required State contribution to the System for State
4 fiscal year 2007 is \$344,164,400.

5 For each of State fiscal years 2008 through 2009, the State
6 contribution to the System, as a percentage of the applicable
7 employee payroll, shall be increased in equal annual increments
8 from the required State contribution for State fiscal year
9 2007, so that by State fiscal year 2011, the State is
10 contributing at the rate otherwise required under this Section.

11 Notwithstanding any other provision of this Article, the
12 total required State General Revenue Fund contribution for
13 State fiscal year 2010 is \$723,703,100 and shall be made from
14 the proceeds of bonds sold in fiscal year 2010 pursuant to
15 Section 7.2 of the General Obligation Bond Act, less (i) the
16 pro rata share of bond sale expenses determined by the System's
17 share of total bond proceeds, (ii) any amounts received from
18 the General Revenue Fund in fiscal year 2010, and (iii) any
19 reduction in bond proceeds due to the issuance of discounted
20 bonds, if applicable.

21 Notwithstanding any other provision of this Article, the
22 total required State General Revenue Fund contribution for
23 State fiscal year 2011 is the amount recertified by the System
24 on or before April 1, 2011 pursuant to Section 14-135.08 and
25 shall be made from the proceeds of bonds sold in fiscal year
26 2011 pursuant to Section 7.2 of the General Obligation Bond

1 Act, less (i) the pro rata share of bond sale expenses
2 determined by the System's share of total bond proceeds, (ii)
3 any amounts received from the General Revenue Fund in fiscal
4 year 2011, and (iii) any reduction in bond proceeds due to the
5 issuance of discounted bonds, if applicable.

6 Except as otherwise provided in this Section, beginning
7 ~~Beginning~~ in State fiscal year 2046, the minimum State
8 contribution for each fiscal year shall be the amount needed to
9 maintain the total assets of the System at 90% of the total
10 actuarial liabilities of the System.

11 Amounts received by the System pursuant to Section 25 of
12 the Budget Stabilization Act or Section 8.12 of the State
13 Finance Act in any fiscal year do not reduce and do not
14 constitute payment of any portion of the minimum State
15 contribution required under this Article in that fiscal year.
16 Such amounts shall not reduce, and shall not be included in the
17 calculation of, the required State contributions under this
18 Article in any future year until the System has reached a
19 funding ratio of at least 90%. A reference in this Article to
20 the "required State contribution" or any substantially similar
21 term does not include or apply to any amounts payable to the
22 System under Section 25 of the Budget Stabilization Act.

23 Notwithstanding any other provision of this Section, the
24 required State contribution for State fiscal year 2005 and for
25 fiscal year 2008 and each fiscal year thereafter, as calculated
26 under this Section and certified under Section 14-135.08, shall

1 not exceed an amount equal to (i) the amount of the required
2 State contribution that would have been calculated under this
3 Section for that fiscal year if the System had not received any
4 payments under subsection (d) of Section 7.2 of the General
5 Obligation Bond Act, minus (ii) the portion of the State's
6 total debt service payments for that fiscal year on the bonds
7 issued in fiscal year 2003 for the purposes of that Section
8 7.2, as determined and certified by the Comptroller, that is
9 the same as the System's portion of the total moneys
10 distributed under subsection (d) of Section 7.2 of the General
11 Obligation Bond Act. In determining this maximum for State
12 fiscal years 2008 through 2010, however, the amount referred to
13 in item (i) shall be increased, as a percentage of the
14 applicable employee payroll, in equal increments calculated
15 from the sum of the required State contribution for State
16 fiscal year 2007 plus the applicable portion of the State's
17 total debt service payments for fiscal year 2007 on the bonds
18 issued in fiscal year 2003 for the purposes of Section 7.2 of
19 the General Obligation Bond Act, so that, by State fiscal year
20 2011, the State is contributing at the rate otherwise required
21 under this Section.

22 (e-1) If at least 50% of Tier I employees making an
23 election under Section 14-106.5 before June 1, 2013 choose the
24 option under paragraph (1) of subsection (a) of that Section,
25 then:

26 (1) In lieu of the State contributions required under

1 subsection (e), for State fiscal years 2014 through 2043
2 the minimum contribution to the System to be made by the
3 State for each fiscal year shall be an amount determined by
4 the System to be equal to the sum of (1) the State's
5 portion of the projected normal cost for that fiscal year,
6 plus (2) an amount sufficient to bring the total assets of
7 the System up to 100% of the total actuarial liabilities of
8 the System by the end of State fiscal year 2043. In making
9 these determinations, the required State contribution
10 shall be calculated each year as a level percentage of
11 payroll over the years remaining to and including fiscal
12 year 2043 and shall be determined under the projected unit
13 credit actuarial cost method.

14 (2) Beginning in State fiscal year 2044, the minimum
15 State contribution for each fiscal year shall be the amount
16 needed to maintain the total assets of the System at 100%
17 of the total actuarial liabilities of the System.

18 (e-2) If less than 50% of Tier I employees making an
19 election under Section 14-106.5 before June 1, 2013 choose the
20 option under paragraph (1) of subsection (a) of that Section,
21 then:

22 (1) Instead of the annual required contribution
23 otherwise specified in subsection (e-1) of this Section,
24 the annual required contribution to the System to be made
25 by the State shall be determined under subsection (e) of
26 this Section.

1 (2) As soon as possible after June 1, 2013, the Board
2 shall recertify the annual required contribution by the
3 State for State fiscal year 2014.

4 (f) After the submission of all payments for eligible
5 employees from personal services line items in fiscal year 2004
6 have been made, the Comptroller shall provide to the System a
7 certification of the sum of all fiscal year 2004 expenditures
8 for personal services that would have been covered by payments
9 to the System under this Section if the provisions of this
10 amendatory Act of the 93rd General Assembly had not been
11 enacted. Upon receipt of the certification, the System shall
12 determine the amount due to the System based on the full rate
13 certified by the Board under Section 14-135.08 for fiscal year
14 2004 in order to meet the State's obligation under this
15 Section. The System shall compare this amount due to the amount
16 received by the System in fiscal year 2004 through payments
17 under this Section and under Section 6z-61 of the State Finance
18 Act. If the amount due is more than the amount received, the
19 difference shall be termed the "Fiscal Year 2004 Shortfall" for
20 purposes of this Section, and the Fiscal Year 2004 Shortfall
21 shall be satisfied under Section 1.2 of the State Pension Funds
22 Continuing Appropriation Act. If the amount due is less than
23 the amount received, the difference shall be termed the "Fiscal
24 Year 2004 Overpayment" for purposes of this Section, and the
25 Fiscal Year 2004 Overpayment shall be repaid by the System to
26 the Pension Contribution Fund as soon as practicable after the

1 certification.

2 (g) For purposes of determining the required State
3 contribution to the System, the value of the System's assets
4 shall be equal to the actuarial value of the System's assets,
5 which shall be calculated as follows:

6 As of June 30, 2008, the actuarial value of the System's
7 assets shall be equal to the market value of the assets as of
8 that date. In determining the actuarial value of the System's
9 assets for fiscal years after June 30, 2008, any actuarial
10 gains or losses from investment return incurred in a fiscal
11 year shall be recognized in equal annual amounts over the
12 5-year period following that fiscal year.

13 (h) For purposes of determining the required State
14 contribution to the System for a particular year, the actuarial
15 value of assets shall be assumed to earn a rate of return equal
16 to the System's actuarially assumed rate of return.

17 (i) After the submission of all payments for eligible
18 employees from personal services line items paid from the
19 General Revenue Fund in fiscal year 2010 have been made, the
20 Comptroller shall provide to the System a certification of the
21 sum of all fiscal year 2010 expenditures for personal services
22 that would have been covered by payments to the System under
23 this Section if the provisions of this amendatory Act of the
24 96th General Assembly had not been enacted. Upon receipt of the
25 certification, the System shall determine the amount due to the
26 System based on the full rate certified by the Board under

1 Section 14-135.08 for fiscal year 2010 in order to meet the
2 State's obligation under this Section. The System shall compare
3 this amount due to the amount received by the System in fiscal
4 year 2010 through payments under this Section. If the amount
5 due is more than the amount received, the difference shall be
6 termed the "Fiscal Year 2010 Shortfall" for purposes of this
7 Section, and the Fiscal Year 2010 Shortfall shall be satisfied
8 under Section 1.2 of the State Pension Funds Continuing
9 Appropriation Act. If the amount due is less than the amount
10 received, the difference shall be termed the "Fiscal Year 2010
11 Overpayment" for purposes of this Section, and the Fiscal Year
12 2010 Overpayment shall be repaid by the System to the General
13 Revenue Fund as soon as practicable after the certification.

14 (j) After the submission of all payments for eligible
15 employees from personal services line items paid from the
16 General Revenue Fund in fiscal year 2011 have been made, the
17 Comptroller shall provide to the System a certification of the
18 sum of all fiscal year 2011 expenditures for personal services
19 that would have been covered by payments to the System under
20 this Section if the provisions of this amendatory Act of the
21 96th General Assembly had not been enacted. Upon receipt of the
22 certification, the System shall determine the amount due to the
23 System based on the full rate certified by the Board under
24 Section 14-135.08 for fiscal year 2011 in order to meet the
25 State's obligation under this Section. The System shall compare
26 this amount due to the amount received by the System in fiscal

1 year 2011 through payments under this Section. If the amount
2 due is more than the amount received, the difference shall be
3 termed the "Fiscal Year 2011 Shortfall" for purposes of this
4 Section, and the Fiscal Year 2011 Shortfall shall be satisfied
5 under Section 1.2 of the State Pension Funds Continuing
6 Appropriation Act. If the amount due is less than the amount
7 received, the difference shall be termed the "Fiscal Year 2011
8 Overpayment" for purposes of this Section, and the Fiscal Year
9 2011 Overpayment shall be repaid by the System to the General
10 Revenue Fund as soon as practicable after the certification.

11 (k) For fiscal year 2012 only, after the submission of all
12 payments for eligible employees from personal services line
13 items paid from the General Revenue Fund in the fiscal year
14 have been made, the Comptroller shall provide to the System a
15 certification of the sum of all expenditures in the fiscal year
16 for personal services. Upon receipt of the certification, the
17 System shall determine the amount due to the System based on
18 the full rate certified by the Board under Section 14-135.08
19 for the fiscal year in order to meet the State's obligation
20 under this Section. The System shall compare this amount due to
21 the amount received by the System for the fiscal year. If the
22 amount due is more than the amount received, the difference
23 shall be termed the "Fiscal Year Shortfall" for purposes of
24 this Section, and the Fiscal Year Shortfall shall be satisfied
25 under Section 1.2 of the State Pension Funds Continuing
26 Appropriation Act. If the amount due is less than the amount

1 received, the difference shall be termed the "Fiscal Year
2 Overpayment" for purposes of this Section, and the Fiscal Year
3 Overpayment shall be repaid by the System to the General
4 Revenue Fund as soon as practicable after the certification.

5 (Source: P.A. 96-43, eff. 7-15-09; 96-45, eff. 7-15-09;
6 96-1000, eff. 7-2-10; 96-1497, eff. 1-14-11; 96-1511, eff.
7 1-27-11; 96-1554, eff. 3-18-11; 97-72, eff. 7-1-11.)

8 (40 ILCS 5/14-132) (from Ch. 108 1/2, par. 14-132)

9 Sec. 14-132. Obligations of State.

10 (a) The payment of the required department contributions,
11 all allowances, annuities, benefits granted under this
12 Article, and all expenses of administration of the system are
13 obligations of the State of Illinois to the extent specified in
14 this Article.

15 (b) All income of the system shall be credited to a
16 separate account for this system in the State treasury and
17 shall be used to pay allowances, annuities, benefits and
18 administration expense.

19 (c) If the System submits a voucher for monthly
20 contributions as required in Section 14-131 and the State fails
21 to pay within 90 days of receipt of such a voucher, the Board
22 shall submit a written request to the Comptroller seeking
23 payment. A copy of the request shall be filed with the
24 Secretary of State, and the Secretary of State shall provide
25 copies to the Governor and General Assembly. No earlier than

1 the 16th day after filing a request with the Secretary of
2 State, the Board shall have the right to commence a mandamus
3 action in the Supreme Court of Illinois to compel the
4 Comptroller to satisfy the voucher by making payment from the
5 General Revenue Fund. This Section constitutes an express
6 waiver of the State's sovereign immunity solely to the extent
7 it permits the Board to commence a mandamus action in the
8 Illinois Supreme Court to compel the Comptroller to pay a
9 voucher for monthly contributions as required in Section
10 14-131.

11 (Source: P.A. 80-841.)

12 (40 ILCS 5/14-135.08) (from Ch. 108 1/2, par. 14-135.08)

13 Sec. 14-135.08. To certify required State contributions.

14 (a) To certify to the Governor and to each department, on
15 or before November 15 of each year until November 15, 2011, the
16 required rate for State contributions to the System for the
17 next State fiscal year, as determined under subsection (b) of
18 Section 14-131. The certification to the Governor under this
19 subsection (a) shall include a copy of the actuarial
20 recommendations upon which the rate is based and shall
21 specifically identify the System's projected State normal cost
22 for that fiscal year.

23 (a-5) On or before November 1 of each year, beginning
24 November 1, 2012, the Board shall submit to the State Actuary,
25 the Governor, and the General Assembly a proposed certification

1 of the amount of the required State contribution to the System
2 for the next fiscal year, along with all of the actuarial
3 assumptions, calculations, and data upon which that proposed
4 certification is based. On or before January 1 of each year
5 beginning January 1, 2013, the State Actuary shall issue a
6 preliminary report concerning the proposed certification and
7 identifying, if necessary, recommended changes in actuarial
8 assumptions that the Board must consider before finalizing its
9 certification of the required State contributions. On or before
10 January 15, 2013 and each January 15 thereafter, the Board
11 shall certify to the Governor and the General Assembly the
12 amount of the required State contribution for the next fiscal
13 year. The Board's certification must note any deviations from
14 the State Actuary's recommended changes, the reason or reasons
15 for not following the State Actuary's recommended changes, and
16 the fiscal impact of not following the State Actuary's
17 recommended changes on the required State contribution.

18 (b) The certifications under subsections (a) and (a-5)
19 ~~certification~~ shall include an additional amount necessary to
20 pay all principal of and interest on those general obligation
21 bonds due the next fiscal year authorized by Section 7.2(a) of
22 the General Obligation Bond Act and issued to provide the
23 proceeds deposited by the State with the System in July 2003,
24 representing deposits other than amounts reserved under
25 Section 7.2(c) of the General Obligation Bond Act. For State
26 fiscal year 2005, the Board shall make a supplemental

1 certification of the additional amount necessary to pay all
2 principal of and interest on those general obligation bonds due
3 in State fiscal years 2004 and 2005 authorized by Section
4 7.2(a) of the General Obligation Bond Act and issued to provide
5 the proceeds deposited by the State with the System in July
6 2003, representing deposits other than amounts reserved under
7 Section 7.2(c) of the General Obligation Bond Act, as soon as
8 practical after the effective date of this amendatory Act of
9 the 93rd General Assembly.

10 On or before May 1, 2004, the Board shall recalculate and
11 recertify to the Governor and to each department the amount of
12 the required State contribution to the System and the required
13 rates for State contributions to the System for State fiscal
14 year 2005, taking into account the amounts appropriated to and
15 received by the System under subsection (d) of Section 7.2 of
16 the General Obligation Bond Act.

17 On or before July 1, 2005, the Board shall recalculate and
18 recertify to the Governor and to each department the amount of
19 the required State contribution to the System and the required
20 rates for State contributions to the System for State fiscal
21 year 2006, taking into account the changes in required State
22 contributions made by this amendatory Act of the 94th General
23 Assembly.

24 On or before April 1, 2011, the Board shall recalculate and
25 recertify to the Governor and to each department the amount of
26 the required State contribution to the System for State fiscal

1 year 2011, applying the changes made by Public Act 96-889 to
2 the System's assets and liabilities as of June 30, 2009 as
3 though Public Act 96-889 was approved on that date.

4 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

5 (40 ILCS 5/14-152.1)

6 Sec. 14-152.1. Application and expiration of new benefit
7 increases.

8 (a) As used in this Section, "new benefit increase" means
9 an increase in the amount of any benefit provided under this
10 Article, or an expansion of the conditions of eligibility for
11 any benefit under this Article, that results from an amendment
12 to this Code that takes effect after June 1, 2005 (the
13 effective date of Public Act 94-4). "New benefit increase",
14 however, does not include any benefit increase resulting from
15 the changes made to this Article or Article 1 by Public Act
16 96-37 or this amendatory Act of the 97th ~~96th~~ General Assembly.

17 (b) Notwithstanding any other provision of this Code or any
18 subsequent amendment to this Code, every new benefit increase
19 is subject to this Section and shall be deemed to be granted
20 only in conformance with and contingent upon compliance with
21 the provisions of this Section.

22 (c) The Public Act enacting a new benefit increase must
23 identify and provide for payment to the System of additional
24 funding at least sufficient to fund the resulting annual
25 increase in cost to the System as it accrues.

1 Every new benefit increase is contingent upon the General
2 Assembly providing the additional funding required under this
3 subsection. The Commission on Government Forecasting and
4 Accountability shall analyze whether adequate additional
5 funding has been provided for the new benefit increase and
6 shall report its analysis to the Public Pension Division of the
7 Department of Financial and Professional Regulation. A new
8 benefit increase created by a Public Act that does not include
9 the additional funding required under this subsection is null
10 and void. If the Public Pension Division determines that the
11 additional funding provided for a new benefit increase under
12 this subsection is or has become inadequate, it may so certify
13 to the Governor and the State Comptroller and, in the absence
14 of corrective action by the General Assembly, the new benefit
15 increase shall expire at the end of the fiscal year in which
16 the certification is made.

17 (d) Every new benefit increase shall expire 5 years after
18 its effective date or on such earlier date as may be specified
19 in the language enacting the new benefit increase or provided
20 under subsection (c). This does not prevent the General
21 Assembly from extending or re-creating a new benefit increase
22 by law.

23 (e) Except as otherwise provided in the language creating
24 the new benefit increase, a new benefit increase that expires
25 under this Section continues to apply to persons who applied
26 and qualified for the affected benefit while the new benefit

1 increase was in effect and to the affected beneficiaries and
2 alternate payees of such persons, but does not apply to any
3 other person, including without limitation a person who
4 continues in service after the expiration date and did not
5 apply and qualify for the affected benefit while the new
6 benefit increase was in effect.

7 (Source: P.A. 96-37, eff. 7-13-09.)

8 (40 ILCS 5/15-106) (from Ch. 108 1/2, par. 15-106)

9 Sec. 15-106. Employer. "Employer": The University of
10 Illinois, Southern Illinois University, Chicago State
11 University, Eastern Illinois University, Governors State
12 University, Illinois State University, Northeastern Illinois
13 University, Northern Illinois University, Western Illinois
14 University, the State Board of Higher Education, the Illinois
15 Mathematics and Science Academy, the University Civil Service
16 Merit Board, the Board of Trustees of the State Universities
17 Retirement System, the Illinois Community College Board,
18 community college boards, any association of community college
19 boards organized under Section 3-55 of the Public Community
20 College Act, the Board of Examiners established under the
21 Illinois Public Accounting Act, and, only during the period for
22 which employer contributions required under Section 15-155 are
23 paid, the following organizations: the alumni associations,
24 the foundations and the athletic associations which are
25 affiliated with the universities and colleges included in this

1 Section as employers. An individual that begins employment
2 after the effective date of this amendatory Act of the 97th
3 General Assembly with an entity not defined as an employer in
4 this Section shall not be deemed an employee for the purposes
5 of this Article with respect to that employment and shall not
6 be eligible to participate in the System with respect to that
7 employment; provided, however, that those individuals who are
8 both employed and already participants in the System on the
9 effective date of this amendatory Act of the 97th General
10 Assembly shall be allowed to continue as participants in the
11 System for the duration of that employment.

12 Notwithstanding any provision of law to the contrary, an
13 individual who begins employment with any of the following
14 employers on or after the effective date of this amendatory Act
15 of the 97th General Assembly shall not be deemed an employee
16 and shall not be eligible to participate in the System with
17 respect to that employment: any association of community
18 college boards organized under Section 3-55 of the Public
19 Community College Act, the Association of Illinois
20 Middle-Grade Schools, the Illinois Association of School
21 Administrators, the Illinois Association for Supervision and
22 Curriculum Development, the Illinois Principals Association,
23 the Illinois Association of School Business Officials, or the
24 Illinois Special Olympics; provided, however, that those
25 individuals who are both employed and already participants in
26 the System on the effective date of this amendatory Act of the

1 97th General Assembly shall be allowed to continue as
2 participants in the System for the duration of that employment.

3 A department as defined in Section 14-103.04 is an employer
4 for any person appointed by the Governor under the Civil
5 Administrative Code of Illinois who is a participating employee
6 as defined in Section 15-109. The Department of Central
7 Management Services is an employer with respect to persons
8 employed by the State Board of Higher Education in positions
9 with the Illinois Century Network as of June 30, 2004 who
10 remain continuously employed after that date by the Department
11 of Central Management Services in positions with the Illinois
12 Century Network, the Bureau of Communication and Computer
13 Services, or, if applicable, any successor bureau.

14 The cities of Champaign and Urbana shall be considered
15 employers, but only during the period for which contributions
16 are required to be made under subsection (b-1) of Section
17 15-155 and only with respect to individuals described in
18 subsection (h) of Section 15-107.

19 (Source: P.A. 95-369, eff. 8-23-07; 95-728, eff. 7-1-08 - See
20 Sec. 999.)

21 (40 ILCS 5/15-107) (from Ch. 108 1/2, par. 15-107)

22 Sec. 15-107. Employee.

23 (a) "Employee" means any member of the educational,
24 administrative, secretarial, clerical, mechanical, labor or
25 other staff of an employer whose employment is permanent and

1 continuous or who is employed in a position in which services
2 are expected to be rendered on a continuous basis for at least
3 4 months or one academic term, whichever is less, who (A)
4 receives payment for personal services on a warrant issued
5 pursuant to a payroll voucher certified by an employer and
6 drawn by the State Comptroller upon the State Treasurer or by
7 an employer upon trust, federal or other funds, or (B) is on a
8 leave of absence without pay. Employment which is irregular,
9 intermittent or temporary shall not be considered continuous
10 for purposes of this paragraph.

11 However, a person is not an "employee" if he or she:

12 (1) is a student enrolled in and regularly attending
13 classes in a college or university which is an employer,
14 and is employed on a temporary basis at less than full
15 time;

16 (2) is currently receiving a retirement annuity or a
17 disability retirement annuity under Section 15-153.2 from
18 this System;

19 (3) is on a military leave of absence;

20 (4) is eligible to participate in the Federal Civil
21 Service Retirement System and is currently making
22 contributions to that system based upon earnings paid by an
23 employer;

24 (5) is on leave of absence without pay for more than 60
25 days immediately following termination of disability
26 benefits under this Article;

1 (6) is hired after June 30, 1979 as a public service
2 employment program participant under the Federal
3 Comprehensive Employment and Training Act and receives
4 earnings in whole or in part from funds provided under that
5 Act; or

6 (7) is employed on or after July 1, 1991 to perform
7 services that are excluded by subdivision (a)(7)(f) or
8 (a)(19) of Section 210 of the federal Social Security Act
9 from the definition of employment given in that Section (42
10 U.S.C. 410).

11 (b) Any employer may, by filing a written notice with the
12 board, exclude from the definition of "employee" all persons
13 employed pursuant to a federally funded contract entered into
14 after July 1, 1982 with a federal military department in a
15 program providing training in military courses to federal
16 military personnel on a military site owned by the United
17 States Government, if this exclusion is not prohibited by the
18 federally funded contract or federal laws or rules governing
19 the administration of the contract.

20 (c) Any person appointed by the Governor under the Civil
21 Administrative Code of the State is an employee, if he or she
22 is a participant in this system on the effective date of the
23 appointment.

24 (d) A participant on lay-off status under civil service
25 rules is considered an employee for not more than 120 days from
26 the date of the lay-off.

1 (e) A participant is considered an employee during (1) the
2 first 60 days of disability leave, (2) the period, not to
3 exceed one year, in which his or her eligibility for disability
4 benefits is being considered by the board or reviewed by the
5 courts, and (3) the period he or she receives disability
6 benefits under the provisions of Section 15-152, workers'
7 compensation or occupational disease benefits, or disability
8 income under an insurance contract financed wholly or partially
9 by the employer.

10 (f) Absences without pay, other than formal leaves of
11 absence, of less than 30 calendar days, are not considered as
12 an interruption of a person's status as an employee. If such
13 absences during any period of 12 months exceed 30 work days,
14 the employee status of the person is considered as interrupted
15 as of the 31st work day.

16 (g) A staff member whose employment contract requires
17 services during an academic term is to be considered an
18 employee during the summer and other vacation periods, unless
19 he or she declines an employment contract for the succeeding
20 academic term or his or her employment status is otherwise
21 terminated, and he or she receives no earnings during these
22 periods.

23 (h) An individual who was a participating employee employed
24 in the fire department of the University of Illinois's
25 Champaign-Urbana campus immediately prior to the elimination
26 of that fire department and who immediately after the

1 elimination of that fire department became employed by the fire
2 department of the City of Urbana or the City of Champaign shall
3 continue to be considered as an employee for purposes of this
4 Article for so long as the individual remains employed as a
5 firefighter by the City of Urbana or the City of Champaign. The
6 individual shall cease to be considered an employee under this
7 subsection (h) upon the first termination of the individual's
8 employment as a firefighter by the City of Urbana or the City
9 of Champaign.

10 (i) An individual who is employed on a full-time basis as
11 an officer or employee of a statewide teacher organization that
12 serves System participants or an officer of a national teacher
13 organization that serves System participants may participate
14 in the System and shall be deemed an employee, provided that
15 (1) the individual has previously earned creditable service
16 under this Article, (2) the individual files with the System an
17 irrevocable election to become a participant before the
18 effective date of this amendatory Act of the 97th General
19 Assembly, (3) the individual does not receive credit for that
20 employment under any other Article of this Code, and (4) the
21 individual first became a full-time employee of the teacher
22 organization and becomes a participant before the effective
23 date of this amendatory Act of the 97th General Assembly. An
24 employee under this subsection (i) is responsible for paying to
25 the System both (A) employee contributions based on the actual
26 compensation received for service with the teacher

1 organization and (B) employer contributions equal to the normal
2 costs (as defined in Section 15-155) resulting from that
3 service; all or any part of these contributions may be paid on
4 the employee's behalf or picked up for tax purposes (if
5 authorized under federal law) by the teacher organization.

6 A person who is an employee as defined in this subsection
7 (i) may establish service credit for similar employment prior
8 to becoming an employee under this subsection by paying to the
9 System for that employment the contributions specified in this
10 subsection, plus interest at the effective rate from the date
11 of service to the date of payment. However, credit shall not be
12 granted under this subsection for any such prior employment for
13 which the applicant received credit under any other provision
14 of this Code, or during which the applicant was on a leave of
15 absence under Section 15-113.2.

16 (j) A person employed by the State Board of Higher
17 Education in a position with the Illinois Century Network as of
18 June 30, 2004 shall be considered to be an employee for so long
19 as he or she remains continuously employed after that date by
20 the Department of Central Management Services in a position
21 with the Illinois Century Network, the Bureau of Communication
22 and Computer Services, or, if applicable, any successor bureau
23 and meets the requirements of subsection (a).

24 (k) In the case of doubt as to whether any person is an
25 employee within the meaning of this Section, the decision of
26 the Board shall be final.

1 (Source: P.A. 97-651, eff. 1-5-12.)

2 (40 ILCS 5/15-107.1 new)

3 Sec. 15-107.1. Tier I employee. "Tier I employee": An
4 employee under this Article, other than a participant in the
5 self-managed plan under Section 15-158.2, who first became a
6 member or participant before January 1, 2011 under any
7 reciprocal retirement system or pension fund established under
8 this Code other than a retirement system or pension fund
9 established under Article 2, 3, 4, 5, 6, or 18 of this Code.

10 (40 ILCS 5/15-107.2 new)

11 Sec. 15-107.2. Tier I retiree. "Tier I retiree": A former
12 Tier I employee who is receiving a retirement annuity.

13 A person does not become a Tier I retiree by virtue of
14 receiving a reversionary, survivors, beneficiary, or
15 disability annuity.

16 (40 ILCS 5/15-111) (from Ch. 108 1/2, par. 15-111)

17 Sec. 15-111. Earnings. "Earnings": An amount paid for
18 personal services equal to the sum of the basic compensation
19 plus extra compensation for summer teaching, overtime or other
20 extra service. For periods for which an employee receives
21 service credit under subsection (c) of Section 15-113.1 or
22 Section 15-113.2, earnings are equal to the basic compensation
23 on which contributions are paid by the employee during such

1 periods. Compensation for employment which is irregular,
2 intermittent and temporary shall not be considered earnings,
3 unless the participant is also receiving earnings from the
4 employer as an employee under Section 15-107.

5 With respect to transition pay paid by the University of
6 Illinois to a person who was a participating employee employed
7 in the fire department of the University of Illinois's
8 Champaign-Urbana campus immediately prior to the elimination
9 of that fire department:

10 (1) "Earnings" includes transition pay paid to the
11 employee on or after the effective date of this amendatory
12 Act of the 91st General Assembly.

13 (2) "Earnings" includes transition pay paid to the
14 employee before the effective date of this amendatory Act
15 of the 91st General Assembly only if (i) employee
16 contributions under Section 15-157 have been withheld from
17 that transition pay or (ii) the employee pays to the System
18 before January 1, 2001 an amount representing employee
19 contributions under Section 15-157 on that transition pay.
20 Employee contributions under item (ii) may be paid in a
21 lump sum, by withholding from additional transition pay
22 accruing before January 1, 2001, or in any other manner
23 approved by the System. Upon payment of the employee
24 contributions on transition pay, the corresponding
25 employer contributions become an obligation of the State.

26 Notwithstanding any other provision of this Section,

1 "earnings" does not include any future increase in income
2 offered by an employer under this Article pursuant to the
3 requirements of subsection (c) of Section 15-134.6 that is
4 accepted by a Tier I employee, or a Tier I retiree returning to
5 active service, who has made an election under paragraph (2) of
6 subsection (a) or (a-5) of Section 15-134.6.

7 (Source: P.A. 91-887, eff. 7-6-00.)

8 (40 ILCS 5/15-111.1 new)

9 Sec. 15-111.1. Future increase in income. "Future increase
10 in income": Any increase in income in any form offered by an
11 employer to an employee under this Article after June 30, 2013
12 that would qualify as "earnings", as defined under Section
13 15-111, but for the fact that the employer offered the increase
14 in income to the employee on the condition that it not qualify
15 as earnings and the employee accepted the increase in income
16 subject to that condition. The term "future increase in income"
17 does not include an increase in income in any form that is paid
18 to a Tier I employee under an employment contract or collective
19 bargaining agreement that is in effect on the effective date of
20 this Section but does include an increase in income in any form
21 pursuant to an extension, amendment, or renewal of any such
22 employment contract or collective bargaining agreement on or
23 after the effective date of this amendatory Act of the 97th
24 General Assembly.

1 (40 ILCS 5/15-113.2) (from Ch. 108 1/2, par. 15-113.2)

2 Sec. 15-113.2. Service for leaves of absence. "Service for
3 leaves of absence" includes those periods of leaves of absence
4 at less than 50% pay, except military leave and periods of
5 disability leave in excess of 60 days, for which the employee
6 pays the contributions required under Section 15-157 in
7 accordance with rules prescribed by the board based upon the
8 employee's basic compensation on the date the leave begins, or
9 in the case of leave for service with a teacher organization,
10 based upon the actual compensation received by the employee for
11 such service after January 26, 1988, if the employee so elects
12 within 30 days of that date or the date the leave for service
13 with a teacher organization begins, whichever is later;
14 provided that the employee (1) returns to employment covered by
15 this system at the expiration of the leave, or within 30 days
16 after the termination of a disability which occurs during the
17 leave and continues this employment at a percentage of time
18 equal to or greater than the percentage of time immediately
19 preceding the leave of absence for at least 8 consecutive
20 months or a period equal to the period of the leave, whichever
21 is less, or (2) is precluded from meeting the foregoing
22 conditions because of disability or death. If service credit is
23 denied because the employee fails to meet these conditions, the
24 contributions covering the leave of absence shall be refunded
25 without interest. The return to employment condition does not
26 apply if the leave of absence is for service with a teacher

1 organization.

2 Service credit provided under this Section shall not exceed
3 3 years in any period of 10 years, unless the employee is on
4 special leave granted by the employer for service with a
5 teacher organization. Commencing with the fourth year in any
6 period of 10 years, a participant on such special leave is also
7 required to pay employer contributions equal to the normal cost
8 as defined in Section 15-155, based upon the employee's basic
9 compensation on the date the leave begins, or based upon the
10 actual compensation received by the employee for service with a
11 teacher organization if the employee has so elected.

12 Notwithstanding any other provision of this Article, a
13 participant shall not be eligible to make contributions or
14 receive service credit for a leave of absence for service with
15 a teacher organization if that leave of absence for service
16 with a teacher organization begins on or after the effective
17 date of this amendatory Act of the 97th General Assembly.

18 (Source: P.A. 90-65, eff. 7-7-97; 90-511, eff. 8-22-97.)

19 (40 ILCS 5/15-134.6 new)

20 Sec. 15-134.6. Election by Tier I employees and Tier I
21 retirees.

22 (a) Each Tier I employee shall make an irrevocable election
23 either:

24 (1) to agree to the following:

25 (i) to have the amount of the automatic annual

1 increases in his or her retirement annuity that are
2 otherwise provided for in this Article calculated,
3 instead, as provided in subsection (d-1) of Section
4 15-136; and

5 (ii) to have his or her eligibility for automatic
6 annual increases in retirement annuity postponed as
7 provided in subsection (d-2) of Section 15-136; or

8 (2) to not agree to items (i) and (ii) as set forth in
9 paragraph (1) of this subsection.

10 The election required under this subsection (a) shall be
11 made by each Tier I employee no earlier than January 1, 2013
12 and no later than May 31, 2013, except that:

13 (i) a person who becomes a Tier I employee under this
14 Article after January 1, 2013 must make the election under
15 this subsection (a) within 60 days after becoming a Tier I
16 employee;

17 (ii) a person who returns to active service as a Tier I
18 employee under this Article after January 1, 2013 and has
19 not yet made an election under this Section must make the
20 election under this subsection (a) within 60 days after
21 returning to active service as a Tier I employee; and

22 (iii) a person who made the election under subsection
23 (a-5) as a Tier I retiree remains bound by that election
24 and shall not make a later election under this subsection
25 (a).

26 If a Tier I employee fails for any reason to make a

1 required election under this subsection within the time
2 specified, then the employee shall be deemed to have made the
3 election under paragraph (2) of this subsection.

4 (a-5) Each Tier I retiree shall make an irrevocable
5 election either:

6 (1) to agree to the following:

7 (i) to have the amount of the automatic annual
8 increases in his or her retirement annuity that are
9 otherwise provided for in this Article calculated,
10 instead, as provided in subsection (d-1) of Section
11 15-136; and

12 (ii) to have his or her eligibility for automatic
13 annual increases in retirement annuity postponed as
14 provided in subsection (d-2) of Section 15-136; or

15 (2) to not agree to items (i) and (ii) as set forth in
16 paragraph (1) of this subsection.

17 The election required under this subsection (a-5) shall be
18 made by each Tier I retiree no earlier than January 1, 2013 and
19 no later than May 31, 2013, except that:

20 (i) a person who becomes a Tier I retiree under this
21 Article on or after January 1, 2013 must make the election
22 under this subsection (a-5) within 60 days after becoming a
23 Tier I retiree; and

24 (ii) a person who made the election under subsection
25 (a) as a Tier I employee remains bound by that election and
26 shall not make a later election under this subsection

1 (a-5).

2 If a Tier I retiree fails for any reason to make a required
3 election under this subsection within the time specified, then
4 the Tier I retiree shall be deemed to have made the election
5 under paragraph (2) of this subsection.

6 (a-10) All elections under subsection (a) or (a-5) that are
7 made or deemed to be made before June 1, 2013 shall take effect
8 on July 1, 2013. Elections that are made or deemed to be made
9 on or after June 1, 2013 shall take effect on the first day of
10 the month following the month in which the election is made or
11 deemed to be made.

12 (b) As adequate and legal consideration provided under this
13 amendatory Act of the 97th General Assembly for making the
14 election under paragraph (1) of subsection (a) of this Section,
15 any future increases in income offered by an employer under
16 this Article to a Tier I employee who has made the election
17 under paragraph (1) of subsection (a) of this Section shall be
18 offered expressly and irrevocably as constituting earnings
19 under Section 15-111.

20 As adequate and legal consideration provided under this
21 amendatory Act of the 97th General Assembly for making the
22 election under paragraph (1) of subsection (a-5) of this
23 Section, any future increases in income offered by an employer
24 under this Article to a Tier I retiree who returns to active
25 service after having made the election under paragraph (1) of
26 subsection (a-5) of this Section shall be offered expressly and

1 irrevocably as constituting earnings under Section 15-111.

2 (c) A Tier I employee who makes the election under
3 paragraph (2) of subsection (a) of this Section shall not be
4 subject to items (i) and (ii) set forth in paragraph (1) of
5 subsection (a) of this Section. However, any future increases
6 in income offered by an employer under this Article to a Tier I
7 employee who has made the election under paragraph (2) of
8 subsection (a) of this Section shall be offered expressly and
9 irrevocably as not constituting earnings under Section 15-111,
10 and the employee may not accept any future increase in income
11 that is offered in violation of this requirement.

12 A Tier I retiree who makes the election under paragraph (2)
13 of subsection (a-5) of this Section shall not be subject to
14 items (i) and (ii) set forth in paragraph (1) of subsection
15 (a-5) of this Section. However, any future increases in income
16 offered by an employer under this Article to a Tier I retiree
17 who returns to active service and has made the election under
18 paragraph (2) of subsection (a-5) of this Section shall be
19 offered expressly and irrevocably as not constituting earnings
20 under Section 15-111, and the employee may not accept any
21 future increase in income that is offered in violation of this
22 requirement.

23 (d) The System shall make a good faith effort to contact
24 each Tier I employee and Tier I retiree subject to this
25 Section. The System shall mail information describing the
26 required election to each Tier I employee and Tier I retiree by

1 United States Postal Service mail to his or her last known
2 address on file with the System. If the Tier I employee or Tier
3 I retiree is not responsive to other means of contact, it is
4 sufficient for the System to publish the details of any
5 required elections on its website or to publish those details
6 in a regularly published newsletter or other existing public
7 forum.

8 Tier I employees and Tier I retirees who are subject to
9 this Section shall be provided with an election packet
10 containing information regarding their options, as well as the
11 forms necessary to make the required election. Upon request,
12 the System shall offer Tier I employees and Tier I retirees an
13 opportunity to receive information from the System before
14 making the required election. The information may consist of
15 video materials, group presentations, individual consultation
16 with a member or authorized representative of the System in
17 person or by telephone or other electronic means, or any
18 combination of those methods. The System shall not provide
19 advice or counseling with respect to which election a Tier I
20 employee or Tier I retiree should make or specific to the legal
21 or tax circumstances of or consequences to the Tier I employee
22 or Tier I retiree.

23 The System shall inform Tier I employees and Tier I
24 retirees in the election packet required under this subsection
25 that the Tier I employee or Tier I retiree may also wish to
26 obtain information and counsel relating to the election

1 required under this Section from any other available source,
2 including but not limited to labor organizations and private
3 counsel.

4 The System shall coordinate with the Illinois Department of
5 Central Management Services and each other retirement system
6 administering an election in accordance with this amendatory
7 Act of the 97th General Assembly to provide information
8 concerning the impact of the election under this Section.

9 In no event shall the System, its staff, or the Board be
10 held liable for any information given to a member, beneficiary,
11 or annuitant regarding the elections under this Section.

12 (e) Notwithstanding any other provision of law, an employer
13 under this Article is required to offer any future increases in
14 income expressly and irrevocably as not constituting
15 "earnings" under Section 15-111 to any Tier I employee, or Tier
16 I retiree returning to active service, who has made an election
17 under paragraph (2) or subsection (a) or (a-5) of this Section.
18 A Tier I employee, or Tier I retiree returning to active
19 service, who has made an election under paragraph (2) of
20 subsection (a) or (a-5) of this Section shall not accept any
21 future increase in income that is offered by an employer under
22 this Article in violation of the requirement set forth in this
23 subsection.

24 (f) A member's election under this Section is not a
25 prohibited election under subdivision (j)(1) of Section 1-119
26 of the Illinois Pension Code.

1 (g) No provision of this Section shall be interpreted in a
2 way that would cause the System to cease to be a qualified plan
3 under Section 461(a) of the Internal Revenue Code of 1986.

4 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

5 Sec. 15-136. Retirement annuities - Amount. The provisions
6 of this Section 15-136 apply only to those participants who are
7 participating in the traditional benefit package or the
8 portable benefit package and do not apply to participants who
9 are participating in the self-managed plan.

10 (a) The amount of a participant's retirement annuity,
11 expressed in the form of a single-life annuity, shall be
12 determined by whichever of the following rules is applicable
13 and provides the largest annuity:

14 Rule 1: The retirement annuity shall be 1.67% of final rate
15 of earnings for each of the first 10 years of service, 1.90%
16 for each of the next 10 years of service, 2.10% for each year
17 of service in excess of 20 but not exceeding 30, and 2.30% for
18 each year in excess of 30; or for persons who retire on or
19 after January 1, 1998, 2.2% of the final rate of earnings for
20 each year of service.

21 Rule 2: The retirement annuity shall be the sum of the
22 following, determined from amounts credited to the participant
23 in accordance with the actuarial tables and the prescribed rate
24 of interest in effect at the time the retirement annuity
25 begins:

1 (i) the normal annuity which can be provided on an
2 actuarially equivalent basis, by the accumulated normal
3 contributions as of the date the annuity begins;

4 (ii) an annuity from employer contributions of an
5 amount equal to that which can be provided on an
6 actuarially equivalent basis from the accumulated normal
7 contributions made by the participant under Section
8 15-113.6 and Section 15-113.7 plus 1.4 times all other
9 accumulated normal contributions made by the participant;
10 and

11 (iii) the annuity that can be provided on an
12 actuarially equivalent basis from the entire contribution
13 made by the participant under Section 15-113.3.

14 With respect to a police officer or firefighter who retires
15 on or after August 14, 1998, the accumulated normal
16 contributions taken into account under clauses (i) and (ii) of
17 this Rule 2 shall include the additional normal contributions
18 made by the police officer or firefighter under Section
19 15-157(a).

20 The amount of a retirement annuity calculated under this
21 Rule 2 shall be computed solely on the basis of the
22 participant's accumulated normal contributions, as specified
23 in this Rule and defined in Section 15-116. Neither an employee
24 or employer contribution for early retirement under Section
25 15-136.2 nor any other employer contribution shall be used in
26 the calculation of the amount of a retirement annuity under

1 this Rule 2.

2 This amendatory Act of the 91st General Assembly is a
3 clarification of existing law and applies to every participant
4 and annuitant without regard to whether status as an employee
5 terminates before the effective date of this amendatory Act.

6 This Rule 2 does not apply to a person who first becomes an
7 employee under this Article on or after July 1, 2005.

8 Rule 3: The retirement annuity of a participant who is
9 employed at least one-half time during the period on which his
10 or her final rate of earnings is based, shall be equal to the
11 participant's years of service not to exceed 30, multiplied by
12 (1) \$96 if the participant's final rate of earnings is less
13 than \$3,500, (2) \$108 if the final rate of earnings is at least
14 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
15 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
16 the final rate of earnings is at least \$5,500 but less than
17 \$6,500, (5) \$144 if the final rate of earnings is at least
18 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
19 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
20 the final rate of earnings is at least \$8,500 but less than
21 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or
22 more, except that the annuity for those persons having made an
23 election under Section 15-154(a-1) shall be calculated and
24 payable under the portable retirement benefit program pursuant
25 to the provisions of Section 15-136.4.

26 Rule 4: A participant who is at least age 50 and has 25 or

1 more years of service as a police officer or firefighter, and a
2 participant who is age 55 or over and has at least 20 but less
3 than 25 years of service as a police officer or firefighter,
4 shall be entitled to a retirement annuity of 2 1/4% of the
5 final rate of earnings for each of the first 10 years of
6 service as a police officer or firefighter, 2 1/2% for each of
7 the next 10 years of service as a police officer or
8 firefighter, and 2 3/4% for each year of service as a police
9 officer or firefighter in excess of 20. The retirement annuity
10 for all other service shall be computed under Rule 1.

11 For purposes of this Rule 4, a participant's service as a
12 firefighter shall also include the following:

13 (i) service that is performed while the person is an
14 employee under subsection (h) of Section 15-107; and

15 (ii) in the case of an individual who was a
16 participating employee employed in the fire department of
17 the University of Illinois's Champaign-Urbana campus
18 immediately prior to the elimination of that fire
19 department and who immediately after the elimination of
20 that fire department transferred to another job with the
21 University of Illinois, service performed as an employee of
22 the University of Illinois in a position other than police
23 officer or firefighter, from the date of that transfer
24 until the employee's next termination of service with the
25 University of Illinois.

26 Rule 5: The retirement annuity of a participant who elected

1 early retirement under the provisions of Section 15-136.2 and
2 who, on or before February 16, 1995, brought administrative
3 proceedings pursuant to the administrative rules adopted by the
4 System to challenge the calculation of his or her retirement
5 annuity shall be the sum of the following, determined from
6 amounts credited to the participant in accordance with the
7 actuarial tables and the prescribed rate of interest in effect
8 at the time the retirement annuity begins:

9 (i) the normal annuity which can be provided on an
10 actuarially equivalent basis, by the accumulated normal
11 contributions as of the date the annuity begins; and

12 (ii) an annuity from employer contributions of an
13 amount equal to that which can be provided on an
14 actuarially equivalent basis from the accumulated normal
15 contributions made by the participant under Section
16 15-113.6 and Section 15-113.7 plus 1.4 times all other
17 accumulated normal contributions made by the participant;
18 and

19 (iii) an annuity which can be provided on an
20 actuarially equivalent basis from the employee
21 contribution for early retirement under Section 15-136.2,
22 and an annuity from employer contributions of an amount
23 equal to that which can be provided on an actuarially
24 equivalent basis from the employee contribution for early
25 retirement under Section 15-136.2.

26 In no event shall a retirement annuity under this Rule 5 be

1 lower than the amount obtained by adding (1) the monthly amount
2 obtained by dividing the combined employee and employer
3 contributions made under Section 15-136.2 by the System's
4 annuity factor for the age of the participant at the beginning
5 of the annuity payment period and (2) the amount equal to the
6 participant's annuity if calculated under Rule 1, reduced under
7 Section 15-136(b) as if no contributions had been made under
8 Section 15-136.2.

9 With respect to a participant who is qualified for a
10 retirement annuity under this Rule 5 whose retirement annuity
11 began before the effective date of this amendatory Act of the
12 91st General Assembly, and for whom an employee contribution
13 was made under Section 15-136.2, the System shall recalculate
14 the retirement annuity under this Rule 5 and shall pay any
15 additional amounts due in the manner provided in Section
16 15-186.1 for benefits mistakenly set too low.

17 The amount of a retirement annuity calculated under this
18 Rule 5 shall be computed solely on the basis of those
19 contributions specifically set forth in this Rule 5. Except as
20 provided in clause (iii) of this Rule 5, neither an employee
21 nor employer contribution for early retirement under Section
22 15-136.2, nor any other employer contribution, shall be used in
23 the calculation of the amount of a retirement annuity under
24 this Rule 5.

25 The General Assembly has adopted the changes set forth in
26 Section 25 of this amendatory Act of the 91st General Assembly

1 in recognition that the decision of the Appellate Court for the
2 Fourth District in *Mattis v. State Universities Retirement*
3 *System et al.* might be deemed to give some right to the
4 plaintiff in that case. The changes made by Section 25 of this
5 amendatory Act of the 91st General Assembly are a legislative
6 implementation of the decision of the Appellate Court for the
7 Fourth District in *Mattis v. State Universities Retirement*
8 *System et al.* with respect to that plaintiff.

9 The changes made by Section 25 of this amendatory Act of
10 the 91st General Assembly apply without regard to whether the
11 person is in service as an employee on or after its effective
12 date.

13 (b) The retirement annuity provided under Rules 1 and 3
14 above shall be reduced by 1/2 of 1% for each month the
15 participant is under age 60 at the time of retirement. However,
16 this reduction shall not apply in the following cases:

17 (1) For a disabled participant whose disability
18 benefits have been discontinued because he or she has
19 exhausted eligibility for disability benefits under clause
20 (6) of Section 15-152;

21 (2) For a participant who has at least the number of
22 years of service required to retire at any age under
23 subsection (a) of Section 15-135; or

24 (3) For that portion of a retirement annuity which has
25 been provided on account of service of the participant
26 during periods when he or she performed the duties of a

1 police officer or firefighter, if these duties were
2 performed for at least 5 years immediately preceding the
3 date the retirement annuity is to begin.

4 (c) The maximum retirement annuity provided under Rules 1,
5 2, 4, and 5 shall be the lesser of (1) the annual limit of
6 benefits as specified in Section 415 of the Internal Revenue
7 Code of 1986, as such Section may be amended from time to time
8 and as such benefit limits shall be adjusted by the
9 Commissioner of Internal Revenue, and (2) 80% of final rate of
10 earnings.

11 (d) Subject to the provisions of subsections (d-1) and
12 (d-2), an ~~An~~ annuitant whose status as an employee terminates
13 after August 14, 1969 shall receive automatic increases in his
14 or her retirement annuity as follows:

15 Effective January 1 immediately following the date the
16 retirement annuity begins, the annuitant shall receive an
17 increase in his or her monthly retirement annuity of 0.125% of
18 the monthly retirement annuity provided under Rule 1, Rule 2,
19 Rule 3, Rule 4, or Rule 5, contained in this Section,
20 multiplied by the number of full months which elapsed from the
21 date the retirement annuity payments began to January 1, 1972,
22 plus 0.1667% of such annuity, multiplied by the number of full
23 months which elapsed from January 1, 1972, or the date the
24 retirement annuity payments began, whichever is later, to
25 January 1, 1978, plus 0.25% of such annuity multiplied by the
26 number of full months which elapsed from January 1, 1978, or

1 the date the retirement annuity payments began, whichever is
2 later, to the effective date of the increase.

3 The annuitant shall receive an increase in his or her
4 monthly retirement annuity on each January 1 thereafter during
5 the annuitant's life of 3% of the monthly annuity provided
6 under Rule 1, Rule 2, Rule 3, Rule 4, or Rule 5 contained in
7 this Section. The change made under this subsection by P.A.
8 81-970 is effective January 1, 1980 and applies to each
9 annuitant whose status as an employee terminates before or
10 after that date.

11 Beginning January 1, 1990 and except as provided in
12 subsections (d-1) and (d-2), all automatic annual increases
13 payable under this Section shall be calculated as a percentage
14 of the total annuity payable at the time of the increase,
15 including all increases previously granted under this Article.

16 The change made in this subsection by P.A. 85-1008 is
17 effective January 26, 1988, and is applicable without regard to
18 whether status as an employee terminated before that date.

19 (d-1) Notwithstanding any other provision of this Article,
20 for a Tier I employee or Tier I retiree who made the election
21 under paragraph (1) of either subsection (a) or (a-5) of
22 Section 15-134.6, the amount of each automatic annual increase
23 in retirement annuity occurring on or after the effective date
24 of that election shall be 3% or one-half of the annual
25 unadjusted percentage increase, if any, in the Consumer Price
26 Index-U for the 12 months ending with the preceding September,

1 whichever is less, of the originally granted retirement
2 annuity. For the purposes of this Section, "Consumer Price
3 Index-U" means the index published by the Bureau of Labor
4 Statistics of the United States Department of Labor that
5 measures the average change in prices of goods and services
6 purchased by all urban consumers, United States city average,
7 all items, 1982-84 = 100.

8 (d-2) Notwithstanding any other provision of this Article,
9 for a Tier I employee or Tier I retiree who made the election
10 under paragraph (1) of subsection (a) or (a-5) of Section
11 15-134.6, the monthly retirement annuity shall first be subject
12 to annual increases on the January 1 occurring on or next after
13 the attainment of age 67 or the January 1 occurring on or next
14 after the fifth anniversary of the annuity start date,
15 whichever occurs earlier. If on the effective date of the
16 election under paragraph (1) of subsection (a-5) of Section
17 15-134.6 a Tier I retiree has already received an annual
18 increase under this Section but does not yet meet the new
19 eligibility requirements of this subsection, the annual
20 increases already received shall continue in force, but no
21 additional annual increase shall be granted until the Tier I
22 retiree meets the new eligibility requirements.

23 (e) If, on January 1, 1987, or the date the retirement
24 annuity payment period begins, whichever is later, the sum of
25 the retirement annuity provided under Rule 1 or Rule 2 of this
26 Section and the automatic annual increases provided under the

1 preceding subsection or Section 15-136.1, amounts to less than
2 the retirement annuity which would be provided by Rule 3, the
3 retirement annuity shall be increased as of January 1, 1987, or
4 the date the retirement annuity payment period begins,
5 whichever is later, to the amount which would be provided by
6 Rule 3 of this Section. Such increased amount shall be
7 considered as the retirement annuity in determining benefits
8 provided under other Sections of this Article. This paragraph
9 applies without regard to whether status as an employee
10 terminated before the effective date of this amendatory Act of
11 1987, provided that the annuitant was employed at least
12 one-half time during the period on which the final rate of
13 earnings was based.

14 (f) A participant is entitled to such additional annuity as
15 may be provided on an actuarially equivalent basis, by any
16 accumulated additional contributions to his or her credit.
17 However, the additional contributions made by the participant
18 toward the automatic increases in annuity provided under this
19 Section shall not be taken into account in determining the
20 amount of such additional annuity.

21 (g) If, (1) by law, a function of a governmental unit, as
22 defined by Section 20-107 of this Code, is transferred in whole
23 or in part to an employer, and (2) a participant transfers
24 employment from such governmental unit to such employer within
25 6 months after the transfer of the function, and (3) the sum of
26 (A) the annuity payable to the participant under Rule 1, 2, or

1 3 of this Section (B) all proportional annuities payable to the
2 participant by all other retirement systems covered by Article
3 20, and (C) the initial primary insurance amount to which the
4 participant is entitled under the Social Security Act, is less
5 than the retirement annuity which would have been payable if
6 all of the participant's pension credits validated under
7 Section 20-109 had been validated under this system, a
8 supplemental annuity equal to the difference in such amounts
9 shall be payable to the participant.

10 (h) On January 1, 1981, an annuitant who was receiving a
11 retirement annuity on or before January 1, 1971 shall have his
12 or her retirement annuity then being paid increased \$1 per
13 month for each year of creditable service. On January 1, 1982,
14 an annuitant whose retirement annuity began on or before
15 January 1, 1977, shall have his or her retirement annuity then
16 being paid increased \$1 per month for each year of creditable
17 service.

18 (i) On January 1, 1987, any annuitant whose retirement
19 annuity began on or before January 1, 1977, shall have the
20 monthly retirement annuity increased by an amount equal to 8¢
21 per year of creditable service times the number of years that
22 have elapsed since the annuity began.

23 (Source: P.A. 93-347, eff. 7-24-03; 94-4, eff. 6-1-05.)

24 (40 ILCS 5/15-155) (from Ch. 108 1/2, par. 15-155)

25 Sec. 15-155. Employer contributions.

1 (a) Except as otherwise provided in this Section, the ~~The~~
2 State of Illinois shall make contributions by appropriations of
3 amounts which, together with the other employer contributions
4 from trust, federal, and other funds, employee contributions,
5 income from investments, and other income of this System, will
6 be sufficient to meet the cost of maintaining and administering
7 the System on a 90% funded basis in accordance with actuarial
8 recommendations.

9 The Board shall determine the amount of State contributions
10 required for each fiscal year on the basis of the actuarial
11 tables and other assumptions adopted by the Board and the
12 recommendations of the actuary, using the formula in subsection
13 (a-1).

14 (a-1) Except as otherwise provided in this Section, for ~~For~~
15 State fiscal years 2012 through 2045, the minimum contribution
16 to the System to be made by the State for each fiscal year
17 shall be an amount determined by the System to be sufficient to
18 bring the total assets of the System up to 90% of the total
19 actuarial liabilities of the System by the end of State fiscal
20 year 2045. In making these determinations, the required State
21 contribution shall be calculated each year as a level
22 percentage of payroll over the years remaining to and including
23 fiscal year 2045 and shall be determined under the projected
24 unit credit actuarial cost method.

25 For State fiscal years 1996 through 2005, the State
26 contribution to the System, as a percentage of the applicable

1 employee payroll, shall be increased in equal annual increments
2 so that by State fiscal year 2011, the State is contributing at
3 the rate required under this Section.

4 Notwithstanding any other provision of this Article, the
5 total required State contribution for State fiscal year 2006 is
6 \$166,641,900.

7 Notwithstanding any other provision of this Article, the
8 total required State contribution for State fiscal year 2007 is
9 \$252,064,100.

10 For each of State fiscal years 2008 through 2009, the State
11 contribution to the System, as a percentage of the applicable
12 employee payroll, shall be increased in equal annual increments
13 from the required State contribution for State fiscal year
14 2007, so that by State fiscal year 2011, the State is
15 contributing at the rate otherwise required under this Section.

16 Notwithstanding any other provision of this Article, the
17 total required State contribution for State fiscal year 2010 is
18 \$702,514,000 and shall be made from the State Pensions Fund and
19 proceeds of bonds sold in fiscal year 2010 pursuant to Section
20 7.2 of the General Obligation Bond Act, less (i) the pro rata
21 share of bond sale expenses determined by the System's share of
22 total bond proceeds, (ii) any amounts received from the General
23 Revenue Fund in fiscal year 2010, (iii) any reduction in bond
24 proceeds due to the issuance of discounted bonds, if
25 applicable.

26 Notwithstanding any other provision of this Article, the

1 total required State contribution for State fiscal year 2011 is
2 the amount recertified by the System on or before April 1, 2011
3 pursuant to Section 15-165 and shall be made from the State
4 Pensions Fund and proceeds of bonds sold in fiscal year 2011
5 pursuant to Section 7.2 of the General Obligation Bond Act,
6 less (i) the pro rata share of bond sale expenses determined by
7 the System's share of total bond proceeds, (ii) any amounts
8 received from the General Revenue Fund in fiscal year 2011, and
9 (iii) any reduction in bond proceeds due to the issuance of
10 discounted bonds, if applicable.

11 Except as otherwise provided in this Section, beginning
12 ~~Beginning~~ in State fiscal year 2046, the minimum State
13 contribution for each fiscal year shall be the amount needed to
14 maintain the total assets of the System at 90% of the total
15 actuarial liabilities of the System.

16 Amounts received by the System pursuant to Section 25 of
17 the Budget Stabilization Act or Section 8.12 of the State
18 Finance Act in any fiscal year do not reduce and do not
19 constitute payment of any portion of the minimum State
20 contribution required under this Article in that fiscal year.
21 Such amounts shall not reduce, and shall not be included in the
22 calculation of, the required State contributions under this
23 Article in any future year until the System has reached a
24 funding ratio of at least 90%. A reference in this Article to
25 the "required State contribution" or any substantially similar
26 term does not include or apply to any amounts payable to the

1 System under Section 25 of the Budget Stabilization Act.

2 Notwithstanding any other provision of this Section, the
3 required State contribution for State fiscal year 2005 and for
4 fiscal year 2008 and each fiscal year thereafter, as calculated
5 under this Section and certified under Section 15-165, shall
6 not exceed an amount equal to (i) the amount of the required
7 State contribution that would have been calculated under this
8 Section for that fiscal year if the System had not received any
9 payments under subsection (d) of Section 7.2 of the General
10 Obligation Bond Act, minus (ii) the portion of the State's
11 total debt service payments for that fiscal year on the bonds
12 issued in fiscal year 2003 for the purposes of that Section
13 7.2, as determined and certified by the Comptroller, that is
14 the same as the System's portion of the total moneys
15 distributed under subsection (d) of Section 7.2 of the General
16 Obligation Bond Act. In determining this maximum for State
17 fiscal years 2008 through 2010, however, the amount referred to
18 in item (i) shall be increased, as a percentage of the
19 applicable employee payroll, in equal increments calculated
20 from the sum of the required State contribution for State
21 fiscal year 2007 plus the applicable portion of the State's
22 total debt service payments for fiscal year 2007 on the bonds
23 issued in fiscal year 2003 for the purposes of Section 7.2 of
24 the General Obligation Bond Act, so that, by State fiscal year
25 2011, the State is contributing at the rate otherwise required
26 under this Section.

1 (a-5) If at least 50% of the Tier I employees making an
2 election under Section 15-134.6 before June 1, 2013 choose the
3 option under paragraph (1) of subsection (a) of that Section,
4 then:

5 (1) In lieu of the State contributions required under
6 subsection (a-1), for State fiscal years 2014 through 2043
7 the minimum contribution to the System to be made by the
8 State for each fiscal year shall be an amount determined by
9 the System to be equal to the sum of (1) the State's
10 portion of the projected normal cost for that fiscal year,
11 plus (2) an amount sufficient to bring the total assets of
12 the System up to 100% of the total actuarial liabilities of
13 the System by the end of State fiscal year 2043. In making
14 these determinations, the required State contribution
15 shall be calculated each year as a level percentage of
16 payroll over the years remaining to and including fiscal
17 year 2043 and shall be determined under the projected unit
18 credit actuarial cost method.

19 (2) Beginning in State fiscal year 2044, the minimum
20 State contribution for each fiscal year shall be the amount
21 needed to maintain the total assets of the System at 100%
22 of the total actuarial liabilities of the System.

23 (a-6) If less than 50% of the Tier I employees making an
24 election under Section 15-134.6 before June 1, 2013 choose the
25 option under paragraph (1) of subsection (a) of that Section,
26 then:

1 (1) Instead of the annual required contribution
2 otherwise specified in subsection (a-5) of this Section,
3 the annual required contribution to the System to be made
4 by the State shall be determined under subsection (a-1) of
5 this Section.

6 (2) As soon as possible after June 1, 2013, the Board
7 shall recertify the annual required contribution by the
8 State for State fiscal year 2014.

9 (b) If an employee is paid from trust or federal funds, the
10 employer shall pay to the Board contributions from those funds
11 which are sufficient to cover the accruing normal costs on
12 behalf of the employee. However, universities having employees
13 who are compensated out of local auxiliary funds, income funds,
14 or service enterprise funds are not required to pay such
15 contributions on behalf of those employees. The local auxiliary
16 funds, income funds, and service enterprise funds of
17 universities shall not be considered trust funds for the
18 purpose of this Article, but funds of alumni associations,
19 foundations, and athletic associations which are affiliated
20 with the universities included as employers under this Article
21 and other employers which do not receive State appropriations
22 are considered to be trust funds for the purpose of this
23 Article.

24 (b-1) The City of Urbana and the City of Champaign shall
25 each make employer contributions to this System for their
26 respective firefighter employees who participate in this

1 System pursuant to subsection (h) of Section 15-107. The rate
2 of contributions to be made by those municipalities shall be
3 determined annually by the Board on the basis of the actuarial
4 assumptions adopted by the Board and the recommendations of the
5 actuary, and shall be expressed as a percentage of salary for
6 each such employee. The Board shall certify the rate to the
7 affected municipalities as soon as may be practical. The
8 employer contributions required under this subsection shall be
9 remitted by the municipality to the System at the same time and
10 in the same manner as employee contributions.

11 (c) Through State fiscal year 1995: The total employer
12 contribution shall be apportioned among the various funds of
13 the State and other employers, whether trust, federal, or other
14 funds, in accordance with actuarial procedures approved by the
15 Board. State of Illinois contributions for employers receiving
16 State appropriations for personal services shall be payable
17 from appropriations made to the employers or to the System. The
18 contributions for Class I community colleges covering earnings
19 other than those paid from trust and federal funds, shall be
20 payable solely from appropriations to the Illinois Community
21 College Board or the System for employer contributions.

22 (d) Beginning in State fiscal year 1996, the required State
23 contributions to the System shall be appropriated directly to
24 the System and shall be payable through vouchers issued in
25 accordance with subsection (c) of Section 15-165, except as
26 provided in subsection (g).

1 (e) The State Comptroller shall draw warrants payable to
2 the System upon proper certification by the System or by the
3 employer in accordance with the appropriation laws and this
4 Code.

5 (f) Normal costs under this Section means liability for
6 pensions and other benefits which accrues to the System because
7 of the credits earned for service rendered by the participants
8 during the fiscal year and expenses of administering the
9 System, but shall not include the principal of or any
10 redemption premium or interest on any bonds issued by the Board
11 or any expenses incurred or deposits required in connection
12 therewith.

13 (g) If the amount of a participant's earnings for any
14 academic year used to determine the final rate of earnings,
15 determined on a full-time equivalent basis, exceeds the amount
16 of his or her earnings with the same employer for the previous
17 academic year, determined on a full-time equivalent basis, ~~by~~
18 ~~more than 6%~~, the participant's employer shall pay to the
19 System, in addition to all other payments required under this
20 Section and in accordance with guidelines established by the
21 System, the present value of the increase in benefits resulting
22 from the ~~portion of the~~ increase in earnings ~~that is in excess~~
23 ~~of 6%~~. This present value shall be computed by the System on
24 the basis of the actuarial assumptions and tables used in the
25 most recent actuarial valuation of the System that is available
26 at the time of the computation. The System may require the

1 employer to provide any pertinent information or
2 documentation. The changes to this subsection (removing the 6%
3 increase permitted without payment to the System by the
4 employer) made by this amendatory Act of the 97th General
5 Assembly do not apply to an employee who is covered by a
6 collective bargaining agreement or employment contract in
7 effect on the effective date of this amendatory Act that
8 provides for such increases, until such time as that agreement
9 or contract expires or is amended or renewed.

10 Whenever it determines that a payment is or may be required
11 under this subsection (g), the System shall calculate the
12 amount of the payment and bill the employer for that amount.
13 The bill shall specify the calculations used to determine the
14 amount due. If the employer disputes the amount of the bill, it
15 may, within 30 days after receipt of the bill, apply to the
16 System in writing for a recalculation. The application must
17 specify in detail the grounds of the dispute and, if the
18 employer asserts that the calculation is subject to subsection
19 (h) or (i) of this Section, must include an affidavit setting
20 forth and attesting to all facts within the employer's
21 knowledge that are pertinent to the applicability of subsection
22 (h) or (i). Upon receiving a timely application for
23 recalculation, the System shall review the application and, if
24 appropriate, recalculate the amount due.

25 The employer contributions required under this subsection
26 (g) ~~(f)~~ may be paid in the form of a lump sum within 90 days

1 after receipt of the bill. If the employer contributions are
2 not paid within 90 days after receipt of the bill, then
3 interest will be charged at a rate equal to the System's annual
4 actuarially assumed rate of return on investment compounded
5 annually from the 91st day after receipt of the bill. Payments
6 must be concluded within 3 years after the employer's receipt
7 of the bill.

8 (h) This subsection (h) applies only to payments made or
9 salary increases given on or after June 1, 2005 but before July
10 1, 2011. The changes made by Public Act 94-1057 shall not
11 require the System to refund any payments received before July
12 31, 2006 (the effective date of Public Act 94-1057).

13 When assessing payment for any amount due under subsection
14 (g), the System shall exclude earnings increases paid to
15 participants under contracts or collective bargaining
16 agreements entered into, amended, or renewed before June 1,
17 2005.

18 When assessing payment for any amount due under subsection
19 (g), the System shall exclude earnings increases paid to a
20 participant at a time when the participant is 10 or more years
21 from retirement eligibility under Section 15-135.

22 When assessing payment for any amount due under subsection
23 (g), the System shall exclude earnings increases resulting from
24 overload work, including a contract for summer teaching, or
25 overtime when the employer has certified to the System, and the
26 System has approved the certification, that: (i) in the case of

1 overloads (A) the overload work is for the sole purpose of
2 academic instruction in excess of the standard number of
3 instruction hours for a full-time employee occurring during the
4 academic year that the overload is paid and (B) the earnings
5 increases are equal to or less than the rate of pay for
6 academic instruction computed using the participant's current
7 salary rate and work schedule; and (ii) in the case of
8 overtime, the overtime was necessary for the educational
9 mission.

10 When assessing payment for any amount due under subsection
11 (g), the System shall exclude any earnings increase resulting
12 from (i) a promotion for which the employee moves from one
13 classification to a higher classification under the State
14 Universities Civil Service System, (ii) a promotion in academic
15 rank for a tenured or tenure-track faculty position, or (iii) a
16 promotion that the Illinois Community College Board has
17 recommended in accordance with subsection (k) of this Section.
18 These earnings increases shall be excluded only if the
19 promotion is to a position that has existed and been filled by
20 a member for no less than one complete academic year and the
21 earnings increase as a result of the promotion is an increase
22 that results in an amount no greater than the average salary
23 paid for other similar positions.

24 (i) When assessing payment for any amount due under
25 subsection (g), the System shall exclude any salary increase
26 described in subsection (h) of this Section given on or after

1 July 1, 2011 but before July 1, 2014 under a contract or
2 collective bargaining agreement entered into, amended, or
3 renewed on or after June 1, 2005 but before July 1, 2011.
4 Notwithstanding any other provision of this Section, any
5 payments made or salary increases given after June 30, 2014
6 shall be used in assessing payment for any amount due under
7 subsection (g) of this Section.

8 (j) The System shall prepare a report and file copies of
9 the report with the Governor and the General Assembly by
10 January 1, 2007 that contains all of the following information:

11 (1) The number of recalculations required by the
12 changes made to this Section by Public Act 94-1057 for each
13 employer.

14 (2) The dollar amount by which each employer's
15 contribution to the System was changed due to
16 recalculations required by Public Act 94-1057.

17 (3) The total amount the System received from each
18 employer as a result of the changes made to this Section by
19 Public Act 94-4.

20 (4) The increase in the required State contribution
21 resulting from the changes made to this Section by Public
22 Act 94-1057.

23 (k) The Illinois Community College Board shall adopt rules
24 for recommending lists of promotional positions submitted to
25 the Board by community colleges and for reviewing the
26 promotional lists on an annual basis. When recommending

1 promotional lists, the Board shall consider the similarity of
2 the positions submitted to those positions recognized for State
3 universities by the State Universities Civil Service System.
4 The Illinois Community College Board shall file a copy of its
5 findings with the System. The System shall consider the
6 findings of the Illinois Community College Board when making
7 determinations under this Section. The System shall not exclude
8 any earnings increases resulting from a promotion when the
9 promotion was not submitted by a community college. Nothing in
10 this subsection (k) shall require any community college to
11 submit any information to the Community College Board.

12 (l) For purposes of determining the required State
13 contribution to the System, the value of the System's assets
14 shall be equal to the actuarial value of the System's assets,
15 which shall be calculated as follows:

16 As of June 30, 2008, the actuarial value of the System's
17 assets shall be equal to the market value of the assets as of
18 that date. In determining the actuarial value of the System's
19 assets for fiscal years after June 30, 2008, any actuarial
20 gains or losses from investment return incurred in a fiscal
21 year shall be recognized in equal annual amounts over the
22 5-year period following that fiscal year.

23 (m) For purposes of determining the required State
24 contribution to the system for a particular year, the actuarial
25 value of assets shall be assumed to earn a rate of return equal
26 to the system's actuarially assumed rate of return.

1 (n) If the System submits a voucher for monthly
2 contributions from the State as required by this Section and
3 the State fails to pay within 90 days of receipt of such a
4 voucher, the Board shall submit a written request to the
5 Comptroller seeking payment. A copy of the request shall be
6 filed with the Secretary of State, and the Secretary of State
7 shall provide copies to the Governor and General Assembly. No
8 earlier than the 16th day after filing a request with the
9 Secretary of State, the Board shall have the right to commence
10 a mandamus action in the Supreme Court of Illinois to compel
11 the Comptroller to satisfy the voucher by making payment from
12 the General Revenue Fund. This Section constitutes an express
13 waiver of the State's sovereign immunity solely to the extent
14 it permits the Board to commence a mandamus action in the
15 Illinois Supreme Court to compel the Comptroller to pay a
16 voucher for monthly contributions from the State as required in
17 this Section.

18 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
19 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
20 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

21 (40 ILCS 5/15-155.1 new)

22 Sec. 15-155.1. Actions to enforce payment by employers. If
23 reports furnished to the System by the employer involved are
24 inadequate for the computation of the amounts of any payments,
25 the System may provide for such audit of the records of the

1 employer as may be required to establish the amounts of the
2 delinquent payments. The employer shall make its records
3 available to the System for the purpose of the audit. The cost
4 of the audit shall be added to the amount of the payments and
5 shall be recovered by the System from the employer at the same
6 time and in the same manner as the payments are recovered.

7 (40 ILCS 5/15-163) (from Ch. 108 1/2, par. 15-163)

8 Sec. 15-163. To consider applications and authorize
9 payments.

10 To consider and pass on all certifications of employment
11 and applications for annuities and benefits; to authorize the
12 granting of annuities and benefits; and to limit or suspend any
13 payment or payments, all in accordance with this Article.

14 (Source: Laws 1963, p. 161.)

15 (40 ILCS 5/15-165) (from Ch. 108 1/2, par. 15-165)

16 Sec. 15-165. To certify amounts and submit vouchers.

17 (a) The Board shall certify to the Governor on or before
18 November 15 of each year until November 15, 2011 the
19 appropriation required from State funds for the purposes of
20 this System for the following fiscal year. The certification
21 under this subsection (a) shall include a copy of the actuarial
22 recommendations upon which it is based and shall specifically
23 identify the System's projected State normal cost for that
24 fiscal year and the projected State cost for the self-managed

1 plan for that fiscal year.

2 On or before May 1, 2004, the Board shall recalculate and
3 recertify to the Governor the amount of the required State
4 contribution to the System for State fiscal year 2005, taking
5 into account the amounts appropriated to and received by the
6 System under subsection (d) of Section 7.2 of the General
7 Obligation Bond Act.

8 On or before July 1, 2005, the Board shall recalculate and
9 recertify to the Governor the amount of the required State
10 contribution to the System for State fiscal year 2006, taking
11 into account the changes in required State contributions made
12 by this amendatory Act of the 94th General Assembly.

13 On or before April 1, 2011, the Board shall recalculate and
14 recertify to the Governor the amount of the required State
15 contribution to the System for State fiscal year 2011, applying
16 the changes made by Public Act 96-889 to the System's assets
17 and liabilities as of June 30, 2009 as though Public Act 96-889
18 was approved on that date.

19 (a-5) On or before November 1 of each year, beginning
20 November 1, 2012, the Board shall submit to the State Actuary,
21 the Governor, and the General Assembly a proposed certification
22 of the amount of the required State contribution to the System
23 for the next fiscal year, along with all of the actuarial
24 assumptions, calculations, and data upon which that proposed
25 certification is based. On or before January 1 of each year,
26 beginning January 1, 2013, the State Actuary shall issue a

1 preliminary report concerning the proposed certification and
2 identifying, if necessary, recommended changes in actuarial
3 assumptions that the Board must consider before finalizing its
4 certification of the required State contributions. On or before
5 January 15, 2013 and each January 15 thereafter, the Board
6 shall certify to the Governor and the General Assembly the
7 amount of the required State contribution for the next fiscal
8 year. The Board's certification must note, in a written
9 response to the State Actuary, any deviations from the State
10 Actuary's recommended changes, the reason or reasons for not
11 following the State Actuary's recommended changes, and the
12 fiscal impact of not following the State Actuary's recommended
13 changes on the required State contribution.

14 (b) The Board shall certify to the State Comptroller or
15 employer, as the case may be, from time to time, by its
16 president and secretary, with its seal attached, the amounts
17 payable to the System from the various funds.

18 (c) Beginning in State fiscal year 1996, on or as soon as
19 possible after the 15th day of each month the Board shall
20 submit vouchers for payment of State contributions to the
21 System, in a total monthly amount of one-twelfth of the
22 required annual State contribution certified under subsection
23 (a). From the effective date of this amendatory Act of the 93rd
24 General Assembly through June 30, 2004, the Board shall not
25 submit vouchers for the remainder of fiscal year 2004 in excess
26 of the fiscal year 2004 certified contribution amount

1 determined under this Section after taking into consideration
2 the transfer to the System under subsection (b) of Section
3 6z-61 of the State Finance Act. These vouchers shall be paid by
4 the State Comptroller and Treasurer by warrants drawn on the
5 funds appropriated to the System for that fiscal year.

6 If in any month the amount remaining unexpended from all
7 other appropriations to the System for the applicable fiscal
8 year (including the appropriations to the System under Section
9 8.12 of the State Finance Act and Section 1 of the State
10 Pension Funds Continuing Appropriation Act) is less than the
11 amount lawfully vouchered under this Section, the difference
12 shall be paid from the General Revenue Fund under the
13 continuing appropriation authority provided in Section 1.1 of
14 the State Pension Funds Continuing Appropriation Act.

15 (d) So long as the payments received are the full amount
16 lawfully vouchered under this Section, payments received by the
17 System under this Section shall be applied first toward the
18 employer contribution to the self-managed plan established
19 under Section 15-158.2. Payments shall be applied second toward
20 the employer's portion of the normal costs of the System, as
21 defined in subsection (f) of Section 15-155. The balance shall
22 be applied toward the unfunded actuarial liabilities of the
23 System.

24 (e) In the event that the System does not receive, as a
25 result of legislative enactment or otherwise, payments
26 sufficient to fully fund the employer contribution to the

1 self-managed plan established under Section 15-158.2 and to
2 fully fund that portion of the employer's portion of the normal
3 costs of the System, as calculated in accordance with Section
4 15-155(a-1), then any payments received shall be applied
5 proportionately to the optional retirement program established
6 under Section 15-158.2 and to the employer's portion of the
7 normal costs of the System, as calculated in accordance with
8 Section 15-155(a-1).

9 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

10 (40 ILCS 5/15-198)

11 Sec. 15-198. Application and expiration of new benefit
12 increases.

13 (a) As used in this Section, "new benefit increase" means
14 an increase in the amount of any benefit provided under this
15 Article, or an expansion of the conditions of eligibility for
16 any benefit under this Article or Article 1, that results from
17 an amendment to this Code that takes effect after the effective
18 date of this amendatory Act of the 94th General Assembly. "New
19 benefit increase", however, does not include any benefit
20 increase resulting from the changes made to this Article or
21 Article 1 by this amendatory Act of the 97th General Assembly.

22 (b) Notwithstanding any other provision of this Code or any
23 subsequent amendment to this Code, every new benefit increase
24 is subject to this Section and shall be deemed to be granted
25 only in conformance with and contingent upon compliance with

1 the provisions of this Section.

2 (c) The Public Act enacting a new benefit increase must
3 identify and provide for payment to the System of additional
4 funding at least sufficient to fund the resulting annual
5 increase in cost to the System as it accrues.

6 Every new benefit increase is contingent upon the General
7 Assembly providing the additional funding required under this
8 subsection. The Commission on Government Forecasting and
9 Accountability shall analyze whether adequate additional
10 funding has been provided for the new benefit increase and
11 shall report its analysis to the Public Pension Division of the
12 Department of Financial and Professional Regulation. A new
13 benefit increase created by a Public Act that does not include
14 the additional funding required under this subsection is null
15 and void. If the Public Pension Division determines that the
16 additional funding provided for a new benefit increase under
17 this subsection is or has become inadequate, it may so certify
18 to the Governor and the State Comptroller and, in the absence
19 of corrective action by the General Assembly, the new benefit
20 increase shall expire at the end of the fiscal year in which
21 the certification is made.

22 (d) Every new benefit increase shall expire 5 years after
23 its effective date or on such earlier date as may be specified
24 in the language enacting the new benefit increase or provided
25 under subsection (c). This does not prevent the General
26 Assembly from extending or re-creating a new benefit increase

1 by law.

2 (e) Except as otherwise provided in the language creating
3 the new benefit increase, a new benefit increase that expires
4 under this Section continues to apply to persons who applied
5 and qualified for the affected benefit while the new benefit
6 increase was in effect and to the affected beneficiaries and
7 alternate payees of such persons, but does not apply to any
8 other person, including without limitation a person who
9 continues in service after the expiration date and did not
10 apply and qualify for the affected benefit while the new
11 benefit increase was in effect.

12 (Source: P.A. 94-4, eff. 6-1-05.)

13 (40 ILCS 5/16-106) (from Ch. 108 1/2, par. 16-106)

14 Sec. 16-106. Teacher. "Teacher": The following
15 individuals, provided that, for employment prior to July 1,
16 1990, they are employed on a full-time basis, or if not
17 full-time, on a permanent and continuous basis in a position in
18 which services are expected to be rendered for at least one
19 school term:

20 (1) Any educational, administrative, professional or
21 other staff employed in the public common schools included
22 within this system in a position requiring certification
23 under the law governing the certification of teachers;

24 (2) Any educational, administrative, professional or
25 other staff employed in any facility of the Department of

1 Children and Family Services or the Department of Human
2 Services, in a position requiring certification under the
3 law governing the certification of teachers, and any person
4 who (i) works in such a position for the Department of
5 Corrections, (ii) was a member of this System on May 31,
6 1987, and (iii) did not elect to become a member of the
7 State Employees' Retirement System pursuant to Section
8 14-108.2 of this Code; except that "teacher" does not
9 include any person who (A) becomes a security employee of
10 the Department of Human Services, as defined in Section
11 14-110, after June 28, 2001 (the effective date of Public
12 Act 92-14), or (B) becomes a member of the State Employees'
13 Retirement System pursuant to Section 14-108.2c of this
14 Code;

15 (3) Any regional superintendent of schools, assistant
16 regional superintendent of schools, State Superintendent
17 of Education; any person employed by the State Board of
18 Education as an executive; any executive of the boards
19 engaged in the service of public common school education in
20 school districts covered under this system of which the
21 State Superintendent of Education is an ex-officio member;

22 (4) Any employee of a school board association
23 operating in compliance with Article 23 of the School Code
24 who is certificated under the law governing the
25 certification of teachers, provided that he or she becomes
26 such an employee before the effective date of this

1 amendatory Act of the 97th General Assembly;

2 (5) Any person employed by the retirement system who:

3 (i) was an employee of and a participant in the
4 system on August 17, 2001 (the effective date of Public
5 Act 92-416), or

6 (ii) becomes an employee of the system on or after
7 August 17, 2001;

8 (6) Any educational, administrative, professional or
9 other staff employed by and under the supervision and
10 control of a regional superintendent of schools, provided
11 such employment position requires the person to be
12 certificated under the law governing the certification of
13 teachers and is in an educational program serving 2 or more
14 districts in accordance with a joint agreement authorized
15 by the School Code or by federal legislation;

16 (7) Any educational, administrative, professional or
17 other staff employed in an educational program serving 2 or
18 more school districts in accordance with a joint agreement
19 authorized by the School Code or by federal legislation and
20 in a position requiring certification under the laws
21 governing the certification of teachers;

22 (8) Any officer or employee of a statewide teacher
23 organization or officer of a national teacher organization
24 who is certified under the law governing certification of
25 teachers, provided: (i) the individual had previously
26 established creditable service under this Article, (ii)

1 the individual files with the system an irrevocable
2 election to become a member before the effective date of
3 this amendatory Act of the 97th General Assembly, (iii) the
4 individual does not receive credit for such service under
5 any other Article of this Code, and (iv) the individual
6 first became an officer or employee of the teacher
7 organization and becomes a member before the effective date
8 of this amendatory Act of the 97th General Assembly;

9 (9) Any educational, administrative, professional, or
10 other staff employed in a charter school operating in
11 compliance with the Charter Schools Law who is certificated
12 under the law governing the certification of teachers.

13 (10) Any person employed, on the effective date of this
14 amendatory Act of the 94th General Assembly, by the
15 Macon-Piatt Regional Office of Education in a
16 birth-through-age-three pilot program receiving funds
17 under Section 2-389 of the School Code who is required by
18 the Macon-Piatt Regional Office of Education to hold a
19 teaching certificate, provided that the Macon-Piatt
20 Regional Office of Education makes an election, within 6
21 months after the effective date of this amendatory Act of
22 the 94th General Assembly, to have the person participate
23 in the system. Any service established prior to the
24 effective date of this amendatory Act of the 94th General
25 Assembly for service as an employee of the Macon-Piatt
26 Regional Office of Education in a birth-through-age-three

1 pilot program receiving funds under Section 2-389 of the
2 School Code shall be considered service as a teacher if
3 employee and employer contributions have been received by
4 the system and the system has not refunded those
5 contributions.

6 An annuitant receiving a retirement annuity under this
7 Article or under Article 17 of this Code who is employed by a
8 board of education or other employer as permitted under Section
9 16-118 or 16-150.1 is not a "teacher" for purposes of this
10 Article. A person who has received a single-sum retirement
11 benefit under Section 16-136.4 of this Article is not a
12 "teacher" for purposes of this Article.

13 (Source: P.A. 97-651, eff. 1-5-12.)

14 (40 ILCS 5/16-106.4 new)

15 Sec. 16-106.4. Tier I employee. "Tier I employee": A
16 teacher under this Article who first became a member or
17 participant before January 1, 2011 under any reciprocal
18 retirement system or pension fund established under this Code
19 other than a retirement system or pension fund established
20 under Article 2, 3, 4, 5, 6, or 18 of this Code.

21 (40 ILCS 5/16-106.5 new)

22 Sec. 16-106.5. Tier I retiree. "Tier I retiree": A former
23 Tier I employee who is receiving a retirement annuity.

1 (40 ILCS 5/16-106.6 new)

2 Sec. 16-106.6. Teacher certification. For purposes of this
3 Article, a teacher shall be deemed to be certificated if he or
4 she is required to be licensed by the Illinois State Board of
5 Education.

6 (40 ILCS 5/16-121) (from Ch. 108 1/2, par. 16-121)

7 Sec. 16-121. Salary. "Salary": The actual compensation
8 received by a teacher during any school year and recognized by
9 the system in accordance with rules of the board. For purposes
10 of this Section, "school year" includes the regular school term
11 plus any additional period for which a teacher is compensated
12 and such compensation is recognized by the rules of the board.
13 Notwithstanding any other provision of this Section, "salary"
14 does not include any future increase in income offered by an
15 employer under this Article pursuant to the requirements of
16 subsection (c) of Section 16-131.7 that is accepted by a Tier I
17 employee, or a Tier I retiree returning to active service, who
18 has made an election under paragraph (2) of subsection (a) or
19 (a-5) of Section 16-131.7.

20 (Source: P.A. 84-1028.)

21 (40 ILCS 5/16-121.1 new)

22 Sec. 16-121.1. Future increase in income. "Future increase
23 in income": Any increase in income in any form offered by an
24 employer to a teacher under this Article after June 30, 2013

1 that would qualify as "salary", as defined under Section
2 14-103.10, but for the fact that the employer offered the
3 increase in income to the teacher on the condition that it not
4 qualify as salary and the teacher accepted the increase in
5 income subject to that condition. The term "future increase in
6 income" does not include an increase in income in any form that
7 is paid to a Tier I employee under an employment contract or
8 collective bargaining agreement that is in effect on the
9 effective date of this Section but does include an increase in
10 income in any form pursuant to an extension, amendment, or
11 renewal of any such employment contract or collective
12 bargaining agreement on or after the effective date of this
13 amendatory Act of the 97th General Assembly.

14 (40 ILCS 5/16-127) (from Ch. 108 1/2, par. 16-127)

15 Sec. 16-127. Computation of creditable service.

16 (a) Each member shall receive regular credit for all
17 service as a teacher from the date membership begins, for which
18 satisfactory evidence is supplied and all contributions have
19 been paid.

20 (b) The following periods of service shall earn optional
21 credit and each member shall receive credit for all such
22 service for which satisfactory evidence is supplied and all
23 contributions have been paid as of the date specified:

24 (1) Prior service as a teacher.

25 (2) Service in a capacity essentially similar or

1 equivalent to that of a teacher, in the public common
2 schools in school districts in this State not included
3 within the provisions of this System, or of any other
4 State, territory, dependency or possession of the United
5 States, or in schools operated by or under the auspices of
6 the United States, or under the auspices of any agency or
7 department of any other State, and service during any
8 period of professional speech correction or special
9 education experience for a public agency within this State
10 or any other State, territory, dependency or possession of
11 the United States, and service prior to February 1, 1951 as
12 a recreation worker for the Illinois Department of Public
13 Safety, for a period not exceeding the lesser of 2/5 of the
14 total creditable service of the member or 10 years. The
15 maximum service of 10 years which is allowable under this
16 paragraph shall be reduced by the service credit which is
17 validated by other retirement systems under paragraph (i)
18 of Section 15-113 and paragraph 1 of Section 17-133. Credit
19 granted under this paragraph may not be used in
20 determination of a retirement annuity or disability
21 benefits unless the member has at least 5 years of
22 creditable service earned subsequent to this employment
23 with one or more of the following systems: Teachers'
24 Retirement System of the State of Illinois, State
25 Universities Retirement System, and the Public School
26 Teachers' Pension and Retirement Fund of Chicago. Whenever

1 such service credit exceeds the maximum allowed for all
2 purposes of this Article, the first service rendered in
3 point of time shall be considered. The changes to this
4 subdivision (b)(2) made by Public Act 86-272 shall apply
5 not only to persons who on or after its effective date
6 (August 23, 1989) are in service as a teacher under the
7 System, but also to persons whose status as such a teacher
8 terminated prior to such effective date, whether or not
9 such person is an annuitant on that date.

10 (3) Any periods immediately following teaching
11 service, under this System or under Article 17, (or
12 immediately following service prior to February 1, 1951 as
13 a recreation worker for the Illinois Department of Public
14 Safety) spent in active service with the military forces of
15 the United States; periods spent in educational programs
16 that prepare for return to teaching sponsored by the
17 federal government following such active military service;
18 if a teacher returns to teaching service within one
19 calendar year after discharge or after the completion of
20 the educational program, a further period, not exceeding
21 one calendar year, between time spent in military service
22 or in such educational programs and the return to
23 employment as a teacher under this System; and a period of
24 up to 2 years of active military service not immediately
25 following employment as a teacher.

26 The changes to this Section and Section 16-128 relating

1 to military service made by P.A. 87-794 shall apply not
2 only to persons who on or after its effective date are in
3 service as a teacher under the System, but also to persons
4 whose status as a teacher terminated prior to that date,
5 whether or not the person is an annuitant on that date. In
6 the case of an annuitant who applies for credit allowable
7 under this Section for a period of military service that
8 did not immediately follow employment, and who has made the
9 required contributions for such credit, the annuity shall
10 be recalculated to include the additional service credit,
11 with the increase taking effect on the date the System
12 received written notification of the annuitant's intent to
13 purchase the credit, if payment of all the required
14 contributions is made within 60 days of such notice, or
15 else on the first annuity payment date following the date
16 of payment of the required contributions. In calculating
17 the automatic annual increase for an annuity that has been
18 recalculated under this Section, the increase attributable
19 to the additional service allowable under P.A. 87-794 shall
20 be included in the calculation of automatic annual
21 increases accruing after the effective date of the
22 recalculation.

23 Credit for military service shall be determined as
24 follows: if entry occurs during the months of July, August,
25 or September and the member was a teacher at the end of the
26 immediately preceding school term, credit shall be granted

1 from July 1 of the year in which he or she entered service;
2 if entry occurs during the school term and the teacher was
3 in teaching service at the beginning of the school term,
4 credit shall be granted from July 1 of such year. In all
5 other cases where credit for military service is allowed,
6 credit shall be granted from the date of entry into the
7 service.

8 The total period of military service for which credit
9 is granted shall not exceed 5 years for any member unless
10 the service: (A) is validated before July 1, 1964, and (B)
11 does not extend beyond July 1, 1963. Credit for military
12 service shall be granted under this Section only if not
13 more than 5 years of the military service for which credit
14 is granted under this Section is used by the member to
15 qualify for a military retirement allotment from any branch
16 of the armed forces of the United States. The changes to
17 this subdivision (b) (3) made by Public Act 86-272 shall
18 apply not only to persons who on or after its effective
19 date (August 23, 1989) are in service as a teacher under
20 the System, but also to persons whose status as such a
21 teacher terminated prior to such effective date, whether or
22 not such person is an annuitant on that date.

23 (4) Any periods served as a member of the General
24 Assembly.

25 (5) (i) Any periods for which a teacher, as defined in
26 Section 16-106, is granted a leave of absence, provided he

1 or she returns to teaching service creditable under this
2 System or the State Universities Retirement System
3 following the leave; (ii) periods during which a teacher is
4 involuntarily laid off from teaching, provided he or she
5 returns to teaching following the lay-off; (iii) periods
6 prior to July 1, 1983 during which a teacher ceased covered
7 employment due to pregnancy, provided that the teacher
8 returned to teaching service creditable under this System
9 or the State Universities Retirement System following the
10 pregnancy and submits evidence satisfactory to the Board
11 documenting that the employment ceased due to pregnancy;
12 and (iv) periods prior to July 1, 1983 during which a
13 teacher ceased covered employment for the purpose of
14 adopting an infant under 3 years of age or caring for a
15 newly adopted infant under 3 years of age, provided that
16 the teacher returned to teaching service creditable under
17 this System or the State Universities Retirement System
18 following the adoption and submits evidence satisfactory
19 to the Board documenting that the employment ceased for the
20 purpose of adopting an infant under 3 years of age or
21 caring for a newly adopted infant under 3 years of age.
22 However, total credit under this paragraph (5) may not
23 exceed 3 years.

24 Any qualified member or annuitant may apply for credit
25 under item (iii) or (iv) of this paragraph (5) without
26 regard to whether service was terminated before the

1 effective date of this amendatory Act of 1997. In the case
2 of an annuitant who establishes credit under item (iii) or
3 (iv), the annuity shall be recalculated to include the
4 additional service credit. The increase in annuity shall
5 take effect on the date the System receives written
6 notification of the annuitant's intent to purchase the
7 credit, if the required evidence is submitted and the
8 required contribution paid within 60 days of that
9 notification, otherwise on the first annuity payment date
10 following the System's receipt of the required evidence and
11 contribution. The increase in an annuity recalculated
12 under this provision shall be included in the calculation
13 of automatic annual increases in the annuity accruing after
14 the effective date of the recalculation.

15 Optional credit may be purchased under this subsection
16 (b) (5) for periods during which a teacher has been granted
17 a leave of absence pursuant to Section 24-13 of the School
18 Code. A teacher whose service under this Article terminated
19 prior to the effective date of P.A. 86-1488 shall be
20 eligible to purchase such optional credit. If a teacher who
21 purchases this optional credit is already receiving a
22 retirement annuity under this Article, the annuity shall be
23 recalculated as if the annuitant had applied for the leave
24 of absence credit at the time of retirement. The difference
25 between the entitled annuity and the actual annuity shall
26 be credited to the purchase of the optional credit. The

1 remainder of the purchase cost of the optional credit shall
2 be paid on or before April 1, 1992.

3 The change in this paragraph made by Public Act 86-273
4 shall be applicable to teachers who retire after June 1,
5 1989, as well as to teachers who are in service on that
6 date.

7 (6) Any days of unused and uncompensated accumulated
8 sick leave earned by a teacher who first became a
9 participant in the System before the effective date of this
10 amendatory Act of the 97th General Assembly. The service
11 credit granted under this paragraph shall be the ratio of
12 the number of unused and uncompensated accumulated sick
13 leave days to 170 days, subject to a maximum of 2 years of
14 service credit. Prior to the member's retirement, each
15 former employer shall certify to the System the number of
16 unused and uncompensated accumulated sick leave days
17 credited to the member at the time of termination of
18 service. The period of unused sick leave shall not be
19 considered in determining the effective date of
20 retirement. A member is not required to make contributions
21 in order to obtain service credit for unused sick leave.

22 Credit for sick leave shall, at retirement, be granted
23 by the System for any retiring regional or assistant
24 regional superintendent of schools who first became a
25 participant in this System before the effective date of
26 this amendatory Act of the 97th General Assembly at the

1 rate of 6 days per year of creditable service or portion
2 thereof established while serving as such superintendent
3 or assistant superintendent.

4 Service credit is not available for unused sick leave
5 accumulated by a teacher who first becomes a participant in
6 this System on or after the effective date of this amendatory
7 Act of the 97th General Assembly.

8 (7) Periods prior to February 1, 1987 served as an
9 employee of the Illinois Mathematics and Science Academy
10 for which credit has not been terminated under Section
11 15-113.9 of this Code.

12 (8) Service as a substitute teacher for work performed
13 prior to July 1, 1990.

14 (9) Service as a part-time teacher for work performed
15 prior to July 1, 1990.

16 (10) Up to 2 years of employment with Southern Illinois
17 University - Carbondale from September 1, 1959 to August
18 31, 1961, or with Governors State University from September
19 1, 1972 to August 31, 1974, for which the teacher has no
20 credit under Article 15. To receive credit under this item
21 (10), a teacher must apply in writing to the Board and pay
22 the required contributions before May 1, 1993 and have at
23 least 12 years of service credit under this Article.

24 (b-1) A member may establish optional credit for up to 2
25 years of service as a teacher or administrator employed by a
26 private school recognized by the Illinois State Board of

1 Education, provided that the teacher (i) was certified under
2 the law governing the certification of teachers at the time the
3 service was rendered, (ii) applies in writing on or after
4 August 1, 2009 and on or before August 1, 2012, (iii) supplies
5 satisfactory evidence of the employment, (iv) completes at
6 least 10 years of contributing service as a teacher as defined
7 in Section 16-106, and (v) pays the contribution required in
8 subsection (d-5) of Section 16-128. The member may apply for
9 credit under this subsection and pay the required contribution
10 before completing the 10 years of contributing service required
11 under item (iv), but the credit may not be used until the item
12 (iv) contributing service requirement has been met.

13 (c) The service credits specified in this Section shall be
14 granted only if: (1) such service credits are not used for
15 credit in any other statutory tax-supported public employee
16 retirement system other than the federal Social Security
17 program; and (2) the member makes the required contributions as
18 specified in Section 16-128. Except as provided in subsection
19 (b-1) of this Section, the service credit shall be effective as
20 of the date the required contributions are completed.

21 Any service credits granted under this Section shall
22 terminate upon cessation of membership for any cause.

23 Credit may not be granted under this Section covering any
24 period for which an age retirement or disability retirement
25 allowance has been paid.

26 (Source: P.A. 96-546, eff. 8-17-09.)

1 (40 ILCS 5/16-131.7 new)

2 Sec. 16-131.7. Election by Tier I employees and Tier I
3 retirees.

4 (a) Each Tier I employee shall make an irrevocable election
5 either:

6 (1) to agree to the following:

7 (i) to have the amount of the automatic annual
8 increases in his or her retirement annuity that are
9 otherwise provided for in this Article calculated,
10 instead, as provided in subsection (a-1) of Section
11 16-133.1 or subsection (b-1) of Section 16-136.1,
12 whichever is applicable; and

13 (ii) to have his or her eligibility for automatic
14 annual increases in retirement annuity postponed as
15 provided in subsection (a-2) of Section 16-133.1 or
16 subsection (b-2) of Section 16-136.1, whichever is
17 applicable; or

18 (2) to not agree to items (i) and (ii) as set forth in
19 paragraph (1) of this subsection and to be subject to
20 subsection (c) of this Section.

21 The election required under this subsection (a) shall be
22 made by each Tier I employee no earlier than January 1, 2013
23 and no later than May 31, 2013, except that:

24 (i) a person who becomes a Tier I employee under this
25 Article after January 1, 2013 must make the election under

1 this subsection (a) within 60 days after becoming a Tier I
2 employee;

3 (ii) a person who returns to active service as a Tier I
4 employee under this Article after January 1, 2013 and has
5 not yet made an election under this Section must make the
6 election under this subsection (a) within 60 days after
7 returning to active service as a Tier I employee; and

8 (iii) a person who made the election under subsection
9 (a-5) as a Tier I retiree remains bound by that election
10 and shall not make a later election under this subsection
11 (a).

12 If a Tier I employee fails for any reason to make a
13 required election under this subsection within the time
14 specified, then the employee shall be deemed to have made the
15 election under paragraph (2) of this subsection.

16 (a-5) Each Tier I retiree shall make an irrevocable
17 election either:

18 (1) to agree to the following:

19 (i) to have the amount of the automatic annual
20 increases in his or her retirement annuity that are
21 otherwise provided for in this Article calculated,
22 instead, as provided in subsection (a-1) of Section
23 16-133.1 or subsection (b-1) of Section 16-136.1,
24 whichever is applicable; and

25 (ii) to have his or her eligibility for automatic
26 annual increases in retirement annuity postponed as

1 provided in subsection (a-2) of Section 16-133.1 or
2 subsection (b-2) of Section 16-136.1, whichever is
3 applicable; or

4 (2) to not agree to items (i) and (ii) as set forth in
5 paragraph (1) of this subsection and to be subject to
6 subsection (c) of this Section.

7 The election required under this subsection (a-5) shall be
8 made by each Tier I retiree no earlier than January 1, 2013 and
9 no later than May 31, 2013, except that:

10 (i) a person who becomes a Tier I retiree under this
11 Article on or after January 1, 2013 must make the election
12 under this subsection (a-5) within 60 days after becoming a
13 Tier I retiree; and

14 (ii) a person who made the election under subsection
15 (a) as a Tier I employee remains bound by that election and
16 shall not make a later election under this subsection
17 (a-5).

18 If a Tier I retiree fails for any reason to make a required
19 election under this subsection within the time specified, then
20 the Tier I retiree shall be deemed to have made the election
21 under paragraph (2) of this subsection.

22 (a-10) All elections under subsection (a) or (a-5) that are
23 made or deemed to be made before June 1, 2013 shall take effect
24 on July 1, 2013. Elections that are made or deemed to be made
25 on or after June 1, 2013 shall take effect on the first day of
26 the month following the month in which the election is made or

1 deemed to be made.

2 (b) As adequate and legal consideration provided under this
3 amendatory Act of the 97th General Assembly for making the
4 election under paragraph (1) of subsection (a) of this Section,
5 any future increases in income offered by an employer under
6 this Article to a Tier I employee who has made the election
7 under paragraph (1) of subsection (a) of this Section shall be
8 offered expressly and irrevocably as constituting salary under
9 Section 16-121.

10 As adequate and legal consideration provided under this
11 amendatory Act of the 97th General Assembly for making the
12 election under paragraph (1) of subsection (a-5) of this
13 Section, any future increases in income offered by an employer
14 under this Article to a Tier I retiree who returns to active
15 service after having made the election under paragraph (1) of
16 subsection (a-5) of this Section shall be offered expressly and
17 irrevocably as constituting salary under Section 16-121.

18 (c) A Tier I employee who makes the election under
19 paragraph (2) of subsection (a) of this Section shall not be
20 subject to items (i) and (ii) set forth in paragraph (1) of
21 subsection (a) of this Section. However, any future increases
22 in income offered by an employer under this Article to a Tier I
23 employee who has made the election under paragraph (2) of
24 subsection (a) of this Section shall be offered expressly and
25 irrevocably as not constituting salary under Section 16-121,
26 and the employee may not accept any future increase in income

1 that is offered in violation of this requirement.

2 A Tier I retiree who makes the election under paragraph (2)
3 of subsection (a-5) of this Section shall not be subject to
4 items (i) and (ii) set forth in paragraph (1) of subsection
5 (a-5) of this Section. However, any future increases in income
6 offered by an employer under this Article to a Tier I retiree
7 who returns to active service and has made the election under
8 paragraph (2) of subsection (a-5) of this Section shall be
9 offered expressly and irrevocably as not constituting salary
10 under Section 16-121, and the employee may not accept any
11 future increase in income that is offered in violation of this
12 requirement.

13 (d) The System shall make a good faith effort to contact
14 each Tier I employee and Tier I retiree subject to this
15 Section. The System shall mail information describing the
16 required election to each Tier I employee and Tier I retiree by
17 United States Postal Service mail to his or her last known
18 address on file with the System. If the Tier I employee or Tier
19 I retiree is not responsive to other means of contact, it is
20 sufficient for the System to publish the details of any
21 required elections on its website or to publish those details
22 in a regularly published newsletter or other existing public
23 forum.

24 Tier I employees and Tier I retirees who are subject to
25 this Section shall be provided with an election packet
26 containing information regarding their options, as well as the

1 forms necessary to make the required election. Upon request,
2 the System shall offer Tier I employees and Tier I retirees an
3 opportunity to receive information from the System before
4 making the required election. The information may consist of
5 video materials, group presentations, individual consultation
6 with a member or authorized representative of the System in
7 person or by telephone or other electronic means, or any
8 combination of those methods. The System shall not provide
9 advice or counseling with respect to which election a Tier I
10 employee or Tier I retiree should make or specific to the legal
11 or tax circumstances of or consequences to the Tier I employee
12 or Tier I retiree.

13 The System shall inform Tier I employees and Tier I
14 retirees in the election packet required under this subsection
15 that the Tier I employee or Tier I retiree may also wish to
16 obtain information and counsel relating to the election
17 required under this Section from any other available source,
18 including but not limited to labor organizations and private
19 counsel.

20 The System shall coordinate with the Illinois Department of
21 Central Management Services and each other retirement system
22 administering an election in accordance with this amendatory
23 Act of the 97th General Assembly to provide information
24 concerning the impact of the election under this Section.

25 In no event shall the System, its staff, or the Board be
26 held liable for any information given to a member, beneficiary,

1 or annuitant regarding the elections under this Section.

2 (e) Notwithstanding any other provision of law, an employer
3 under this Article is required to offer any future increases in
4 income expressly and irrevocably as not constituting "salary"
5 under Section 16-121 to any Tier I employee, or Tier I retiree
6 returning to active service, who has made an election under
7 paragraph (2) or subsection (a) or (a-5) of Section 16-131.7. A
8 Tier I employee, or Tier I retiree returning to active service,
9 who has made an election under paragraph (2) or subsection (a)
10 or (a-5) of Section 16-131.7 shall not accept any future
11 increase in income that is offered by an employer under this
12 Article in violation of the requirement set forth in this
13 subsection.

14 (f) A member's election under this Section is not a
15 prohibited election under subdivision (j)(1) of Section 1-119
16 of this Code.

17 (g) No provision of this Section shall be interpreted in a
18 way that would cause the System to cease to be a qualified plan
19 under section 461 (a) of the Internal Revenue Code of 1986.

20 (40 ILCS 5/16-133.1) (from Ch. 108 1/2, par. 16-133.1)

21 Sec. 16-133.1. Automatic annual increase in annuity.

22 (a) Each member with creditable service and retiring on or
23 after August 26, 1969 is entitled to the automatic annual
24 increases in annuity provided under this Section while
25 receiving a retirement annuity or disability retirement

1 annuity from the system.

2 An annuitant shall first be entitled to an initial increase
3 under this Section on the January 1 next following the first
4 anniversary of retirement, or January 1 of the year next
5 following attainment of age 61, whichever is later. At such
6 time, the system shall pay an initial increase determined as
7 follows or as provided in subsections (a-1) and (a-2):

8 (1) 1.5% of the originally granted retirement annuity
9 or disability retirement annuity multiplied by the number
10 of years elapsed, if any, from the date of retirement until
11 January 1, 1972, plus

12 (2) 2% of the originally granted annuity multiplied by
13 the number of years elapsed, if any, from the date of
14 retirement or January 1, 1972, whichever is later, until
15 January 1, 1978, plus

16 (3) 3% of the originally granted annuity multiplied by
17 the number of years elapsed from the date of retirement or
18 January 1, 1978, whichever is later, until the effective
19 date of the initial increase.

20 However, the initial annual increase calculated under this
21 Section for the recipient of a disability retirement annuity
22 granted under Section 16-149.2 shall be reduced by an amount
23 equal to the total of all increases in that annuity received
24 under Section 16-149.5 (but not exceeding 100% of the amount of
25 the initial increase otherwise provided under this Section).

26 Following the initial increase, automatic annual increases

1 in annuity shall be payable on each January 1 thereafter during
2 the lifetime of the annuitant, determined as a percentage of
3 the originally granted retirement annuity or disability
4 retirement annuity for increases granted prior to January 1,
5 1990, and calculated as a percentage of the total amount of
6 annuity, including previous increases under this Section, for
7 increases granted on or after January 1, 1990, as follows: 1.5%
8 for periods prior to January 1, 1972, 2% for periods after
9 December 31, 1971 and prior to January 1, 1978, and 3% for
10 periods after December 31, 1977, or as provided in subsections
11 (a-1) and (a-2).

12 (a-1) Notwithstanding any other provision of this Article,
13 for a Tier I employee or Tier I retiree who made the election
14 under paragraph (1) of either subsection (a) or (a-5) of
15 Section 16-131.7, the amount of each automatic annual increase
16 in retirement annuity occurring on or after the effective date
17 of that election shall be 3% or one-half of the annual
18 unadjusted percentage increase, if any, in the Consumer Price
19 Index-U for the 12 months ending with the preceding September,
20 whichever is less, of the originally granted retirement
21 annuity. For the purposes of this Section, "Consumer Price
22 Index-U" means the index published by the Bureau of Labor
23 Statistics of the United States Department of Labor that
24 measures the average change in prices of goods and services
25 purchased by all urban consumers, United States city average,
26 all items, 1982-84 = 100.

1 (a-2) Notwithstanding any other provision of this Article,
2 for a Tier I employee or Tier I retiree who made the election
3 under paragraph (1) of subsection (a) or (a-5) of Section
4 16-131.7, the monthly retirement annuity shall first be subject
5 to annual increases on the January 1 occurring on or next after
6 the attainment of age 67 or the January 1 occurring on or next
7 after the fifth anniversary of the annuity start date,
8 whichever occurs earlier. If on the effective date of the
9 election under paragraph (1) of subsection (a-5) of Section
10 16-131.7 a Tier I retiree has already received an annual
11 increase under this Section but does not yet meet the new
12 eligibility requirements of this subsection, the annual
13 increases already received shall continue in force, but no
14 additional annual increase shall be granted until the Tier I
15 retiree meets the new eligibility requirements.

16 (b) The automatic annual increases in annuity provided
17 under this Section shall not be applicable unless a member has
18 made contributions toward such increases for a period
19 equivalent to one full year of creditable service. If a member
20 contributes for service performed after August 26, 1969 but the
21 member becomes an annuitant before such contributions amount to
22 one full year's contributions based on the salary at the date
23 of retirement, he or she may pay the necessary balance of the
24 contributions to the system and be eligible for the automatic
25 annual increases in annuity provided under this Section.

26 (c) Each member shall make contributions toward the cost of

1 the automatic annual increases in annuity as provided under
2 Section 16-152.

3 (d) An annuitant receiving a retirement annuity or
4 disability retirement annuity on July 1, 1969, who subsequently
5 re-enters service as a teacher is eligible for the automatic
6 annual increases in annuity provided under this Section if he
7 or she renders at least one year of creditable service
8 following the latest re-entry.

9 (e) In addition to the automatic annual increases in
10 annuity provided under this Section, an annuitant who meets the
11 service requirements of this Section and whose retirement
12 annuity or disability retirement annuity began on or before
13 January 1, 1971 shall receive, on January 1, 1981, an increase
14 in the annuity then being paid of one dollar per month for each
15 year of creditable service. On January 1, 1982, an annuitant
16 whose retirement annuity or disability retirement annuity
17 began on or before January 1, 1977 shall receive an increase in
18 the annuity then being paid of one dollar per month for each
19 year of creditable service.

20 On January 1, 1987, any annuitant whose retirement annuity
21 began on or before January 1, 1977, shall receive an increase
22 in the monthly retirement annuity equal to 8¢ per year of
23 creditable service times the number of years that have elapsed
24 since the annuity began.

25 (Source: P.A. 91-927, eff. 12-14-00.)

1 (40 ILCS 5/16-133.6 new)

2 Sec. 16-133.6. Optional teacher early retirement without
3 discount. A Tier I employee or Tier I retiree who makes an
4 election under paragraph (1) of subsection (a) or (a-5) of
5 Section 16-131.7, retires on or after July 1, 2013, and applies
6 for a retirement annuity within 6 months of the last day of
7 teaching for which retirement contributions were required may
8 elect, at the time of application for a retirement annuity, to
9 make a one-time member contribution to the System and, thereby,
10 avoid the reduction in the retirement annuity for retirement
11 before age 60 specified in paragraph (B) of Section 16-133. The
12 exercise of the election shall also obligate the last employer
13 to make a one-time nonrefundable contribution to the System.
14 Substitute teachers wishing to exercise this election must
15 teach 85 or more days in one school term with one employer, who
16 shall be deemed the last employer for purposes of this Section.
17 The last day of teaching with that employer must be within 6
18 months of the date of application for retirement. All
19 substitute teaching credit applied toward the required 85 days
20 must be earned after June 30, 1990.

21 The one-time member and employer contributions shall be a
22 percentage of the cost of this benefit as determined by the
23 System. However, when determining the one-time member and
24 employer contributions, that part of a member's salary with the
25 same employer which exceeds the annual salary rate for the
26 preceding year by more than 20% shall be excluded. The member

1 contribution shall be at the rate of 50% of the cost of the
2 benefits as determined by the System. The employer contribution
3 shall be at the rate of 50% of the cost of the benefits as
4 determined by the System.

5 Upon receipt of the application and election, the System
6 shall determine the one-time employee and employer
7 contributions required. The member contribution shall be
8 credited to the individual account of the member and the
9 employer contribution shall be credited to the Benefit Trust
10 Reserve. The avoidance of the reduction in retirement annuity
11 provided under this Section is not applicable until the
12 member's contribution, if any, has been received by the System;
13 however, the date that contribution is received shall not be
14 considered in determining the effective date of retirement.

15 The number of members working for a single employer who may
16 retire under this Section in any year may be limited at the
17 option of the employer to a specified percentage of those
18 eligible, not less than 10%, with the right to participate to
19 be allocated among those applying on the basis of seniority in
20 the service of the employer.

21 (40 ILCS 5/16-136.1) (from Ch. 108 1/2, par. 16-136.1)

22 Sec. 16-136.1. Annual increase for certain annuitants.

23 (a) Any annuitant receiving a retirement annuity on June
24 30, 1969 and any member retiring after June 30, 1969 shall be
25 eligible for the annual increases provided under this Section

1 provided the annuitant is ineligible for the automatic annual
2 increase in annuity provided under Section 16-133.1, and
3 provided further that (1) retirement occurred at age 55 or over
4 and was based on 5 or more years of creditable service or (2)
5 if retirement occurred prior to age 55, the retirement annuity
6 was based on 20 or more years of creditable service.

7 (b) Subject to the provisions of subsections (b-1) and
8 (b-2), an An annuitant entitled to increases under this Section
9 shall be entitled to the initial increase as of the later of:
10 (1) January 1 following attainment of age 65, (2) January 1
11 following the first anniversary of retirement, or (3) the first
12 day of the month following receipt of the required qualifying
13 contribution from the annuitant. The initial monthly increase
14 shall be computed on the basis of the period elapsed between
15 the later of the date of last retirement or attainment of age
16 50 and the date of qualification for the initial increase, at
17 the rate of 1 1/2% of the original monthly retirement annuity
18 per year for periods prior to September 1, 1971, and at the
19 rate of 2% per year for periods between September 1, 1971 and
20 September 1, 1978, and at the rate of 3% per year for periods
21 thereafter.

22 Subject to the provisions of subsections (b-1) and (b-2),
23 an An annuitant who has received an initial increase under this
24 Section, shall be entitled, on each January 1 following the
25 granting of the initial increase, to an increase of 3% of the
26 original monthly retirement annuity for increases granted

1 prior to January 1, 1990, and equal to 3% of the total annuity,
2 including previous increases under this Section, for increases
3 granted on or after January 1, 1990. The original monthly
4 retirement annuity for computations under this subsection (b)
5 shall be considered to be \$83.34 for any annuitant entitled to
6 benefits under Section 16-134. The minimum original disability
7 retirement annuity for computations under this subsection (b)
8 shall be considered to be \$33.34 per month for any annuitant
9 retired on account of disability.

10 (b-1) Notwithstanding any other provision of this Article,
11 for a Tier I employee or Tier I retiree who made the election
12 under paragraph (1) of either subsection (a) or (a-5) of
13 Section 16-131.7, the amount of each automatic annual increase
14 in retirement annuity occurring on or after the effective date
15 of that election shall be 3% or one-half of the annual
16 unadjusted percentage increase, if any, in the Consumer Price
17 Index-U for the 12 months ending with the preceding September,
18 whichever is less, of the originally granted retirement
19 annuity. For the purposes of this Section, "Consumer Price
20 Index-U" means the index published by the Bureau of Labor
21 Statistics of the United States Department of Labor that
22 measures the average change in prices of goods and services
23 purchased by all urban consumers, United States city average,
24 all items, 1982-84 = 100.

25 (b-2) Notwithstanding any other provision of this Article,
26 for a Tier I employee or Tier I retiree who made the election

1 under paragraph (1) of subsection (a) or (a-5) of Section
2 16-131.7, the monthly retirement annuity shall first be subject
3 to annual increases on the January 1 occurring on or next after
4 the attainment of age 67 or the January 1 occurring on or next
5 after the fifth anniversary of the annuity start date,
6 whichever occurs earlier. If on the effective date of the
7 election under paragraph (1) of subsection (a-5) of Section
8 16-131.7 a Tier I retiree has already received an annual
9 increase under this Section but does not yet meet the new
10 eligibility requirements of this subsection, the annual
11 increases already received shall continue in force, but no
12 additional annual increase shall be granted until the Tier I
13 retiree meets the new eligibility requirements.

14 (c) An annuitant who otherwise qualifies for annual
15 increases under this Section must make a one-time payment of 1%
16 of the monthly final average salary for each full year of the
17 creditable service forming the basis of the retirement annuity
18 or, if the retirement annuity was not computed using final
19 average salary, 1% of the original monthly retirement annuity
20 for each full year of service forming the basis of the
21 retirement annuity.

22 (d) In addition to other increases which may be provided by
23 this Section, regardless of creditable service, annuitants not
24 meeting the service requirements of Section 16-133.1 and whose
25 retirement annuity began on or before January 1, 1971 shall
26 receive, on January 1, 1981, an increase in the retirement

1 annuity then being paid of one dollar per month for each year
2 of creditable service forming the basis of the retirement
3 allowance. On January 1, 1982, annuitants whose retirement
4 annuity began on or before January 1, 1977, shall receive an
5 increase in the retirement annuity then being paid of one
6 dollar per month for each year of creditable service.

7 On January 1, 1987, any annuitant whose retirement annuity
8 began on or before January 1, 1977, shall receive an increase
9 in the monthly retirement annuity equal to 8¢ per year of
10 creditable service times the number of years that have elapsed
11 since the annuity began.

12 (Source: P.A. 86-273.)

13 (40 ILCS 5/16-158) (from Ch. 108 1/2, par. 16-158)

14 Sec. 16-158. Contributions by State and other employing
15 units.

16 (a) Except as otherwise provided in this Section, the ~~The~~
17 State shall make contributions to the System by means of
18 appropriations from the Common School Fund and other State
19 funds of amounts which, together with other employer
20 contributions, employee contributions, investment income, and
21 other income, will be sufficient to meet the cost of
22 maintaining and administering the System on a 90% funded basis
23 in accordance with actuarial recommendations.

24 The Board shall determine the amount of State contributions
25 required for each fiscal year on the basis of the actuarial

1 tables and other assumptions adopted by the Board and the
2 recommendations of the actuary, using the formula in subsection
3 (b-3).

4 (a-1) Annually, on or before November 15, the Board shall
5 certify to the Governor the amount of the required State
6 contribution for the coming fiscal year. The certification
7 shall include a copy of the actuarial recommendations upon
8 which it is based.

9 On or before May 1, 2004, the Board shall recalculate and
10 recertify to the Governor the amount of the required State
11 contribution to the System for State fiscal year 2005, taking
12 into account the amounts appropriated to and received by the
13 System under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act.

15 On or before July 1, 2005 ~~April 1, 2011~~, the Board shall
16 recalculate and recertify to the Governor the amount of the
17 required State contribution to the System for State fiscal year
18 2006, taking into account the changes in required State
19 contributions made by this amendatory Act of the 94th General
20 Assembly.

21 On or before April 1, 2011 ~~June 15, 2010~~, the Board shall
22 recalculate and recertify to the Governor the amount of the
23 required State contribution to the System for State fiscal year
24 2011, applying the changes made by Public Act 96-889 to the
25 System's assets and liabilities as of June 30, 2009 as though
26 Public Act 96-889 was approved on that date.

1 (a-5) On or before November 1 of each year, beginning
2 November 1, 2012, the Board shall submit to the State Actuary a
3 proposed certification of the amount of the required State
4 contribution to the System for the next fiscal year, along with
5 all of the actuarial assumptions, calculations, and data upon
6 which that proposed certification is based. On or before
7 January 1 of each year beginning January 1, 2013, the State
8 Actuary shall issue a preliminary report concerning the
9 proposed certification and identifying, if necessary,
10 recommended changes in actuarial assumptions that the Board
11 must consider before finalizing its certification of the
12 required State contributions. On or before January 15, 2013 and
13 each January 15 thereafter, the Board shall certify to the
14 Governor and the General Assembly the amount of the required
15 State contribution for the next fiscal year. The Board's
16 certification must note any deviations from the State Actuary's
17 recommended changes, the reason or reasons for not following
18 the State Actuary's recommended changes, and the fiscal impact
19 of not following the State Actuary's recommended changes on the
20 required State contribution.

21 (b) Through State fiscal year 1995, the State contributions
22 shall be paid to the System in accordance with Section 18-7 of
23 the School Code.

24 (b-1) Beginning in State fiscal year 1996, on the 15th day
25 of each month, or as soon thereafter as may be practicable, the
26 Board shall submit vouchers for payment of State contributions

1 to the System, in a total monthly amount of one-twelfth of the
2 required annual State contribution certified under subsection
3 (a-1). From the effective date of this amendatory Act of the
4 93rd General Assembly through June 30, 2004, the Board shall
5 not submit vouchers for the remainder of fiscal year 2004 in
6 excess of the fiscal year 2004 certified contribution amount
7 determined under this Section after taking into consideration
8 the transfer to the System under subsection (a) of Section
9 6z-61 of the State Finance Act. These vouchers shall be paid by
10 the State Comptroller and Treasurer by warrants drawn on the
11 funds appropriated to the System for that fiscal year.

12 If in any month the amount remaining unexpended from all
13 other appropriations to the System for the applicable fiscal
14 year (including the appropriations to the System under Section
15 8.12 of the State Finance Act and Section 1 of the State
16 Pension Funds Continuing Appropriation Act) is less than the
17 amount lawfully vouchered under this subsection, the
18 difference shall be paid from the Common School Fund under the
19 continuing appropriation authority provided in Section 1.1 of
20 the State Pension Funds Continuing Appropriation Act.

21 (b-2) Allocations from the Common School Fund apportioned
22 to school districts not coming under this System shall not be
23 diminished or affected by the provisions of this Article.

24 (b-3) Except as otherwise provided in this Section, for ~~For~~
25 State fiscal years 2012 through 2045, the minimum contribution
26 to the System to be made by the State for each fiscal year

1 shall be an amount determined by the System to be sufficient to
2 bring the total assets of the System up to 90% of the total
3 actuarial liabilities of the System by the end of State fiscal
4 year 2045. In making these determinations, the required State
5 contribution shall be calculated each year as a level
6 percentage of payroll over the years remaining to and including
7 fiscal year 2045 and shall be determined under the projected
8 unit credit actuarial cost method.

9 For State fiscal years 1996 through 2005, the State
10 contribution to the System, as a percentage of the applicable
11 employee payroll, shall be increased in equal annual increments
12 so that by State fiscal year 2011, the State is contributing at
13 the rate required under this Section; except that in the
14 following specified State fiscal years, the State contribution
15 to the System shall not be less than the following indicated
16 percentages of the applicable employee payroll, even if the
17 indicated percentage will produce a State contribution in
18 excess of the amount otherwise required under this subsection
19 and subsection (a), and notwithstanding any contrary
20 certification made under subsection (a-1) before the effective
21 date of this amendatory Act of 1998: 10.02% in FY 1999; 10.77%
22 in FY 2000; 11.47% in FY 2001; 12.16% in FY 2002; 12.86% in FY
23 2003; and 13.56% in FY 2004.

24 Notwithstanding any other provision of this Article, the
25 total required State contribution for State fiscal year 2006 is
26 \$534,627,700.

1 Notwithstanding any other provision of this Article, the
2 total required State contribution for State fiscal year 2007 is
3 \$738,014,500.

4 For each of State fiscal years 2008 through 2009, the State
5 contribution to the System, as a percentage of the applicable
6 employee payroll, shall be increased in equal annual increments
7 from the required State contribution for State fiscal year
8 2007, so that by State fiscal year 2011, the State is
9 contributing at the rate otherwise required under this Section.

10 Notwithstanding any other provision of this Article, the
11 total required State contribution for State fiscal year 2010 is
12 \$2,089,268,000 and shall be made from the proceeds of bonds
13 sold in fiscal year 2010 pursuant to Section 7.2 of the General
14 Obligation Bond Act, less (i) the pro rata share of bond sale
15 expenses determined by the System's share of total bond
16 proceeds, (ii) any amounts received from the Common School Fund
17 in fiscal year 2010, and (iii) any reduction in bond proceeds
18 due to the issuance of discounted bonds, if applicable.

19 Notwithstanding any other provision of this Article, the
20 total required State contribution for State fiscal year 2011 is
21 the amount recertified by the System on or before April 1, 2011
22 pursuant to subsection (a-1) of this Section and shall be made
23 from the proceeds of bonds sold in fiscal year 2011 pursuant to
24 Section 7.2 of the General Obligation Bond Act, less (i) the
25 pro rata share of bond sale expenses determined by the System's
26 share of total bond proceeds, (ii) any amounts received from

1 the Common School Fund in fiscal year 2011, and (iii) any
2 reduction in bond proceeds due to the issuance of discounted
3 bonds, if applicable. This amount shall include, in addition to
4 the amount certified by the System, an amount necessary to meet
5 employer contributions required by the State as an employer
6 under paragraph (e) of this Section, which may also be used by
7 the System for contributions required by paragraph (a) of
8 Section 16-127.

9 Except as otherwise provided in this Section, beginning
10 ~~Beginning~~ in State fiscal year 2046, the minimum State
11 contribution for each fiscal year shall be the amount needed to
12 maintain the total assets of the System at 90% of the total
13 actuarial liabilities of the System.

14 Amounts received by the System pursuant to Section 25 of
15 the Budget Stabilization Act or Section 8.12 of the State
16 Finance Act in any fiscal year do not reduce and do not
17 constitute payment of any portion of the minimum State
18 contribution required under this Article in that fiscal year.
19 Such amounts shall not reduce, and shall not be included in the
20 calculation of, the required State contributions under this
21 Article in any future year until the System has reached a
22 funding ratio of at least 90%. A reference in this Article to
23 the "required State contribution" or any substantially similar
24 term does not include or apply to any amounts payable to the
25 System under Section 25 of the Budget Stabilization Act.

26 Notwithstanding any other provision of this Section, the

1 required State contribution for State fiscal year 2005 and for
2 fiscal year 2008 and each fiscal year thereafter, as calculated
3 under this Section and certified under subsection (a-1), shall
4 not exceed an amount equal to (i) the amount of the required
5 State contribution that would have been calculated under this
6 Section for that fiscal year if the System had not received any
7 payments under subsection (d) of Section 7.2 of the General
8 Obligation Bond Act, minus (ii) the portion of the State's
9 total debt service payments for that fiscal year on the bonds
10 issued in fiscal year 2003 for the purposes of that Section
11 7.2, as determined and certified by the Comptroller, that is
12 the same as the System's portion of the total moneys
13 distributed under subsection (d) of Section 7.2 of the General
14 Obligation Bond Act. In determining this maximum for State
15 fiscal years 2008 through 2010, however, the amount referred to
16 in item (i) shall be increased, as a percentage of the
17 applicable employee payroll, in equal increments calculated
18 from the sum of the required State contribution for State
19 fiscal year 2007 plus the applicable portion of the State's
20 total debt service payments for fiscal year 2007 on the bonds
21 issued in fiscal year 2003 for the purposes of Section 7.2 of
22 the General Obligation Bond Act, so that, by State fiscal year
23 2011, the State is contributing at the rate otherwise required
24 under this Section.

25 (b-5) If at least 50% of the Tier I employees making an
26 election under Section 16-131.7 before June 1, 2013 choose the

1 option under paragraph (1) of subsection (a) of that Section,
2 then:

3 (1) In lieu of the State contributions required under
4 subsection (b-3), for State fiscal years 2014 through 2043
5 the minimum contribution to the System to be made by the
6 State for each fiscal year shall be an amount determined by
7 the System to be equal to the sum of (1) the State's
8 portion of the projected normal cost for that fiscal year,
9 plus (2) an amount sufficient to bring the total assets of
10 the System up to 100% of the total actuarial liabilities of
11 the System by the end of State fiscal year 2043. In making
12 these determinations, the required State contribution
13 shall be calculated each year as a level percentage of
14 payroll over the years remaining to and including fiscal
15 year 2043 and shall be determined under the projected unit
16 credit actuarial cost method.

17 (2) Beginning in State fiscal year 2044, the minimum
18 State contribution for each fiscal year shall be the amount
19 needed to maintain the total assets of the System at 100%
20 of the total actuarial liabilities of the System.

21 (b-6) If less than 50% of the Tier I employees making an
22 election under Section 16-131.7 before June 1, 2013 choose the
23 option under paragraph (1) of subsection (a) of that Section,
24 then:

25 (1) Instead of the annual required contribution
26 otherwise specified in subsection (b-5) of this Section,

1 the annual required contribution to the System to be made
2 by the State shall be determined under subsection (b-3) of
3 this Section.

4 (2) As soon as possible after June 1, 2013, the Board
5 shall recertify the annual required contribution by the
6 State for State fiscal year 2014.

7 (c) Payment of the required State contributions and of all
8 pensions, retirement annuities, death benefits, refunds, and
9 other benefits granted under or assumed by this System, and all
10 expenses in connection with the administration and operation
11 thereof, are obligations of the State.

12 If members are paid from special trust or federal funds
13 which are administered by the employing unit, whether school
14 district or other unit, the employing unit shall pay to the
15 System from such funds the full accruing retirement costs based
16 upon that service, as determined by the System. Employer
17 contributions, based on salary paid to members from federal
18 funds, may be forwarded by the distributing agency of the State
19 of Illinois to the System prior to allocation, in an amount
20 determined in accordance with guidelines established by such
21 agency and the System.

22 (d) Effective July 1, 1986, any employer of a teacher as
23 defined in paragraph (8) of Section 16-106 shall pay the
24 employer's normal cost of benefits based upon the teacher's
25 service, in addition to employee contributions, as determined
26 by the System. Such employer contributions shall be forwarded

1 monthly in accordance with guidelines established by the
2 System.

3 However, with respect to benefits granted under Section
4 16-133.4 or 16-133.5 to a teacher as defined in paragraph (8)
5 of Section 16-106, the employer's contribution shall be 12%
6 (rather than 20%) of the member's highest annual salary rate
7 for each year of creditable service granted, and the employer
8 shall also pay the required employee contribution on behalf of
9 the teacher. For the purposes of Sections 16-133.4 and
10 16-133.5, a teacher as defined in paragraph (8) of Section
11 16-106 who is serving in that capacity while on leave of
12 absence from another employer under this Article shall not be
13 considered an employee of the employer from which the teacher
14 is on leave.

15 (e) Beginning July 1, 1998, every employer of a teacher
16 shall pay to the System an employer contribution computed as
17 follows:

18 (1) Beginning July 1, 1998 through June 30, 1999, the
19 employer contribution shall be equal to 0.3% of each
20 teacher's salary.

21 (2) Beginning July 1, 1999 and thereafter, the employer
22 contribution shall be equal to 0.58% of each teacher's
23 salary.

24 The school district or other employing unit may pay these
25 employer contributions out of any source of funding available
26 for that purpose and shall forward the contributions to the

1 System on the schedule established for the payment of member
2 contributions.

3 These employer contributions are intended to offset a
4 portion of the cost to the System of the increases in
5 retirement benefits resulting from this amendatory Act of 1998.

6 Each employer of teachers is entitled to a credit against
7 the contributions required under this subsection (e) with
8 respect to salaries paid to teachers for the period January 1,
9 2002 through June 30, 2003, equal to the amount paid by that
10 employer under subsection (a-5) of Section 6.6 of the State
11 Employees Group Insurance Act of 1971 with respect to salaries
12 paid to teachers for that period.

13 The additional 1% employee contribution required under
14 Section 16-152 by this amendatory Act of 1998 is the
15 responsibility of the teacher and not the teacher's employer,
16 unless the employer agrees, through collective bargaining or
17 otherwise, to make the contribution on behalf of the teacher.

18 If an employer is required by a contract in effect on May
19 1, 1998 between the employer and an employee organization to
20 pay, on behalf of all its full-time employees covered by this
21 Article, all mandatory employee contributions required under
22 this Article, then the employer shall be excused from paying
23 the employer contribution required under this subsection (e)
24 for the balance of the term of that contract. The employer and
25 the employee organization shall jointly certify to the System
26 the existence of the contractual requirement, in such form as

1 the System may prescribe. This exclusion shall cease upon the
2 termination, extension, or renewal of the contract at any time
3 after May 1, 1998.

4 (f) If the amount of a teacher's salary for any school year
5 used to determine final average salary exceeds the member's
6 annual full-time salary rate with the same employer for the
7 previous school year ~~by more than 6%~~, the teacher's employer
8 shall pay to the System, in addition to all other payments
9 required under this Section and in accordance with guidelines
10 established by the System, the present value of the increase in
11 benefits resulting from the ~~portion of the~~ increase in salary
12 ~~that is in excess of 6%~~. This present value shall be computed
13 by the System on the basis of the actuarial assumptions and
14 tables used in the most recent actuarial valuation of the
15 System that is available at the time of the computation. If a
16 teacher's salary for the 2005-2006 school year is used to
17 determine final average salary under this subsection (f), then
18 the changes made to this subsection (f) by Public Act 94-1057
19 shall apply in calculating whether the increase in his or her
20 salary is in excess of 6%. For the purposes of this Section,
21 change in employment under Section 10-21.12 of the School Code
22 on or after June 1, 2005 shall constitute a change in employer.
23 The System may require the employer to provide any pertinent
24 information or documentation. The changes made to this
25 subsection (f) by this amendatory Act of the 94th General
26 Assembly apply without regard to whether the teacher was in

1 service on or after its effective date. The changes to this
2 subsection (removing the 6% increase permitted without payment
3 to the System by the employer) made by this amendatory Act of
4 the 97th General Assembly do not apply to a teacher who is
5 covered by a collective bargaining agreement or employment
6 contract in effect on the effective date of this amendatory Act
7 that provides for such increases, until such time as that
8 agreement or contract expires or is amended or renewed.

9 Whenever it determines that a payment is or may be required
10 under this subsection, the System shall calculate the amount of
11 the payment and bill the employer for that amount. The bill
12 shall specify the calculations used to determine the amount
13 due. If the employer disputes the amount of the bill, it may,
14 within 30 days after receipt of the bill, apply to the System
15 in writing for a recalculation. The application must specify in
16 detail the grounds of the dispute and, if the employer asserts
17 that the calculation is subject to subsection (g) or (h) of
18 this Section, must include an affidavit setting forth and
19 attesting to all facts within the employer's knowledge that are
20 pertinent to the applicability of that subsection. Upon
21 receiving a timely application for recalculation, the System
22 shall review the application and, if appropriate, recalculate
23 the amount due.

24 The employer contributions required under this subsection
25 (f) may be paid in the form of a lump sum within 90 days after
26 receipt of the bill. If the employer contributions are not paid

1 within 90 days after receipt of the bill, then interest will be
2 charged at a rate equal to the System's annual actuarially
3 assumed rate of return on investment compounded annually from
4 the 91st day after receipt of the bill. Payments must be
5 concluded within 3 years after the employer's receipt of the
6 bill.

7 (g) This subsection (g) applies only to payments made or
8 salary increases given on or after June 1, 2005 but before July
9 1, 2011. The changes made by Public Act 94-1057 shall not
10 require the System to refund any payments received before July
11 31, 2006 (the effective date of Public Act 94-1057).

12 When assessing payment for any amount due under subsection
13 (f), the System shall exclude salary increases paid to teachers
14 under contracts or collective bargaining agreements entered
15 into, amended, or renewed before June 1, 2005.

16 When assessing payment for any amount due under subsection
17 (f), the System shall exclude salary increases paid to a
18 teacher at a time when the teacher is 10 or more years from
19 retirement eligibility under Section 16-132 or 16-133.2.

20 When assessing payment for any amount due under subsection
21 (f), the System shall exclude salary increases resulting from
22 overload work, including summer school, when the school
23 district has certified to the System, and the System has
24 approved the certification, that (i) the overload work is for
25 the sole purpose of classroom instruction in excess of the
26 standard number of classes for a full-time teacher in a school

1 district during a school year and (ii) the salary increases are
2 equal to or less than the rate of pay for classroom instruction
3 computed on the teacher's current salary and work schedule.

4 When assessing payment for any amount due under subsection
5 (f), the System shall exclude a salary increase resulting from
6 a promotion (i) for which the employee is required to hold a
7 certificate or supervisory endorsement issued by the State
8 Teacher Certification Board that is a different certification
9 or supervisory endorsement than is required for the teacher's
10 previous position and (ii) to a position that has existed and
11 been filled by a member for no less than one complete academic
12 year and the salary increase from the promotion is an increase
13 that results in an amount no greater than the lesser of the
14 average salary paid for other similar positions in the district
15 requiring the same certification or the amount stipulated in
16 the collective bargaining agreement for a similar position
17 requiring the same certification.

18 When assessing payment for any amount due under subsection
19 (f), the System shall exclude any payment to the teacher from
20 the State of Illinois or the State Board of Education over
21 which the employer does not have discretion, notwithstanding
22 that the payment is included in the computation of final
23 average salary.

24 (h) When assessing payment for any amount due under
25 subsection (f), the System shall exclude any salary increase
26 described in subsection (g) of this Section given on or after

1 July 1, 2011 but before July 1, 2014 under a contract or
2 collective bargaining agreement entered into, amended, or
3 renewed on or after June 1, 2005 but before July 1, 2011.
4 Notwithstanding any other provision of this Section, any
5 payments made or salary increases given after June 30, 2014
6 shall be used in assessing payment for any amount due under
7 subsection (f) of this Section.

8 (i) The System shall prepare a report and file copies of
9 the report with the Governor and the General Assembly by
10 January 1, 2007 that contains all of the following information:

11 (1) The number of recalculations required by the
12 changes made to this Section by Public Act 94-1057 for each
13 employer.

14 (2) The dollar amount by which each employer's
15 contribution to the System was changed due to
16 recalculations required by Public Act 94-1057.

17 (3) The total amount the System received from each
18 employer as a result of the changes made to this Section by
19 Public Act 94-4.

20 (4) The increase in the required State contribution
21 resulting from the changes made to this Section by Public
22 Act 94-1057.

23 (j) For purposes of determining the required State
24 contribution to the System, the value of the System's assets
25 shall be equal to the actuarial value of the System's assets,
26 which shall be calculated as follows:

1 As of June 30, 2008, the actuarial value of the System's
2 assets shall be equal to the market value of the assets as of
3 that date. In determining the actuarial value of the System's
4 assets for fiscal years after June 30, 2008, any actuarial
5 gains or losses from investment return incurred in a fiscal
6 year shall be recognized in equal annual amounts over the
7 5-year period following that fiscal year.

8 (k) For purposes of determining the required State
9 contribution to the system for a particular year, the actuarial
10 value of assets shall be assumed to earn a rate of return equal
11 to the system's actuarially assumed rate of return.

12 (l) If the System submits a voucher for monthly
13 contributions from the State as required by this Section and
14 the State fails to pay within 90 days of receipt of such a
15 voucher, the Board shall submit a written request to the
16 Comptroller seeking payment. A copy of the request shall be
17 filed with the Secretary of State, and the Secretary of State
18 shall provide copies to the Governor and General Assembly. No
19 earlier than the 16th day after filing a request with the
20 Secretary of State, the Board shall have the right to commence
21 a mandamus action in the Supreme Court of Illinois to compel
22 the Comptroller to satisfy the voucher by making payment from
23 the General Revenue Fund. This Section constitutes an express
24 waiver of the State's sovereign immunity solely to the extent
25 it permits the Board to commence a mandamus action in the
26 Illinois Supreme Court to compel the Comptroller to pay a

1 voucher for monthly contributions from the State as required in
2 this Section.

3 (Source: P.A. 95-331, eff. 8-21-07; 95-950, eff. 8-29-08;
4 96-43, eff. 7-15-09; 96-1497, eff. 1-14-11; 96-1511, eff.
5 1-27-11; 96-1554, eff. 3-18-11; revised 4-6-11.)

6 (40 ILCS 5/16-203)

7 Sec. 16-203. Application and expiration of new benefit
8 increases.

9 (a) As used in this Section, "new benefit increase" means
10 an increase in the amount of any benefit provided under this
11 Article, or an expansion of the conditions of eligibility for
12 any benefit under this Article, that results from an amendment
13 to this Code that takes effect after June 1, 2005 (the
14 effective date of Public Act 94-4). "New benefit increase",
15 however, does not include any benefit increase resulting from
16 the changes made to this Article or Article 1 by Public Act
17 95-910 or this amendatory Act of the 97th ~~95th~~ General
18 Assembly.

19 (b) Notwithstanding any other provision of this Code or any
20 subsequent amendment to this Code, every new benefit increase
21 is subject to this Section and shall be deemed to be granted
22 only in conformance with and contingent upon compliance with
23 the provisions of this Section.

24 (c) The Public Act enacting a new benefit increase must
25 identify and provide for payment to the System of additional

1 funding at least sufficient to fund the resulting annual
2 increase in cost to the System as it accrues.

3 Every new benefit increase is contingent upon the General
4 Assembly providing the additional funding required under this
5 subsection. The Commission on Government Forecasting and
6 Accountability shall analyze whether adequate additional
7 funding has been provided for the new benefit increase and
8 shall report its analysis to the Public Pension Division of the
9 Department of Financial and Professional Regulation. A new
10 benefit increase created by a Public Act that does not include
11 the additional funding required under this subsection is null
12 and void. If the Public Pension Division determines that the
13 additional funding provided for a new benefit increase under
14 this subsection is or has become inadequate, it may so certify
15 to the Governor and the State Comptroller and, in the absence
16 of corrective action by the General Assembly, the new benefit
17 increase shall expire at the end of the fiscal year in which
18 the certification is made.

19 (d) Every new benefit increase shall expire 5 years after
20 its effective date or on such earlier date as may be specified
21 in the language enacting the new benefit increase or provided
22 under subsection (c). This does not prevent the General
23 Assembly from extending or re-creating a new benefit increase
24 by law.

25 (e) Except as otherwise provided in the language creating
26 the new benefit increase, a new benefit increase that expires

1 under this Section continues to apply to persons who applied
2 and qualified for the affected benefit while the new benefit
3 increase was in effect and to the affected beneficiaries and
4 alternate payees of such persons, but does not apply to any
5 other person, including without limitation a person who
6 continues in service after the expiration date and did not
7 apply and qualify for the affected benefit while the new
8 benefit increase was in effect.

9 (Source: P.A. 94-4, eff. 6-1-05; 95-910, eff. 8-26-08.)

10 (40 ILCS 5/18-140) (from Ch. 108 1/2, par. 18-140)

11 Sec. 18-140. To certify required State contributions and
12 submit vouchers.

13 (a) The Board shall certify to the Governor, on or before
14 November 15 of each year until November 15, 2011, the amount of
15 the required State contribution to the System for the following
16 fiscal year and shall specifically identify the System's
17 projected State normal cost for that fiscal year. The
18 certification shall include a copy of the actuarial
19 recommendations upon which it is based and shall specifically
20 identify the System's projected State normal cost for that
21 fiscal year.

22 On or before November 1 of each year, beginning November 1,
23 2012, the Board shall submit to the State Actuary, the
24 Governor, and the General Assembly a proposed certification of
25 the amount of the required State contribution to the System for

1 the next fiscal year, along with all of the actuarial
2 assumptions, calculations, and data upon which that proposed
3 certification is based. On or before January 1 of each year
4 beginning January 1, 2013, the State Actuary shall issue a
5 preliminary report concerning the proposed certification and
6 identifying, if necessary, recommended changes in actuarial
7 assumptions that the Board must consider before finalizing its
8 certification of the required State contributions. On or before
9 January 15, 2013 and every January 15 thereafter, the Board
10 shall certify to the Governor and the General Assembly the
11 amount of the required State contribution for the next fiscal
12 year. The Board's certification must note any deviations from
13 the State Actuary's recommended changes, the reason or reasons
14 for not following the State Actuary's recommended changes, and
15 the fiscal impact of not following the State Actuary's
16 recommended changes on the required State contribution.

17 On or before May 1, 2004, the Board shall recalculate and
18 recertify to the Governor the amount of the required State
19 contribution to the System for State fiscal year 2005, taking
20 into account the amounts appropriated to and received by the
21 System under subsection (d) of Section 7.2 of the General
22 Obligation Bond Act.

23 On or before July 1, 2005, the Board shall recalculate and
24 recertify to the Governor the amount of the required State
25 contribution to the System for State fiscal year 2006, taking
26 into account the changes in required State contributions made

1 by this amendatory Act of the 94th General Assembly.

2 On or before April 1, 2011, the Board shall recalculate and
3 recertify to the Governor the amount of the required State
4 contribution to the System for State fiscal year 2011, applying
5 the changes made by Public Act 96-889 to the System's assets
6 and liabilities as of June 30, 2009 as though Public Act 96-889
7 was approved on that date.

8 (b) Beginning in State fiscal year 1996, on or as soon as
9 possible after the 15th day of each month the Board shall
10 submit vouchers for payment of State contributions to the
11 System, in a total monthly amount of one-twelfth of the
12 required annual State contribution certified under subsection
13 (a). From the effective date of this amendatory Act of the 93rd
14 General Assembly through June 30, 2004, the Board shall not
15 submit vouchers for the remainder of fiscal year 2004 in excess
16 of the fiscal year 2004 certified contribution amount
17 determined under this Section after taking into consideration
18 the transfer to the System under subsection (c) of Section
19 6z-61 of the State Finance Act. These vouchers shall be paid by
20 the State Comptroller and Treasurer by warrants drawn on the
21 funds appropriated to the System for that fiscal year.

22 If in any month the amount remaining unexpended from all
23 other appropriations to the System for the applicable fiscal
24 year (including the appropriations to the System under Section
25 8.12 of the State Finance Act and Section 1 of the State
26 Pension Funds Continuing Appropriation Act) is less than the

1 amount lawfully vouchered under this Section, the difference
2 shall be paid from the General Revenue Fund under the
3 continuing appropriation authority provided in Section 1.1 of
4 the State Pension Funds Continuing Appropriation Act.

5 (Source: P.A. 96-1497, eff. 1-14-11; 96-1511, eff. 1-27-11.)

6 Section 35. The School Code is amended by changing Sections
7 24-1 and 24-8 as follows:

8 (105 ILCS 5/24-1) (from Ch. 122, par. 24-1)

9 Sec. 24-1. Appointment - Salaries - Payment - School month
10 - School term.→ School boards shall appoint all teachers,
11 determine qualifications of employment and fix the amount of
12 their salaries subject to any limitation set forth in this Act
13 and subject to any applicable restrictions in Section 14-106.5,
14 15-134.6, or 16-131.7 of the Illinois Pension Code. They shall
15 pay the wages of teachers monthly, subject, however, to the
16 provisions of Section 24-21. The school month shall be the same
17 as the calendar month but by resolution the school board may
18 adopt for its use a month of 20 days, including holidays. The
19 school term shall consist of at least the minimum number of
20 pupil attendance days required by Section 10-19, any additional
21 legal school holidays, days of teachers' institutes, or
22 equivalent professional educational experiences, and one or
23 two days at the beginning of the school term when used as a
24 teachers' workshop.

1 (Source: P.A. 80-249.)

2 (105 ILCS 5/24-8) (from Ch. 122, par. 24-8)

3 Sec. 24-8. Minimum salary. In fixing the salaries of
4 teachers, school boards shall pay those who serve on a
5 full-time basis not less than a rate for the school year that
6 is based upon training completed in a recognized institution of
7 higher learning, as follows: for the school year beginning July
8 1, 1980 and thereafter, less than a bachelor's degree, \$9,000;
9 120 semester hours or more and a bachelor's degree, \$10,000;
10 150 semester hours or more and a master's degree, \$11,000.

11 Based upon previous public school experience in this State
12 or any other State, territory, dependency or possession of the
13 United States, or in schools operated by or under the auspices
14 of the United States, teachers who serve on a full-time basis
15 shall have their salaries increased to at least the following
16 amounts above the starting salary for a teacher in such
17 district in the same classification: with less than a
18 bachelor's degree, \$750 after 5 years; with 120 semester hours
19 or more and a bachelor's degree, \$1,000 after 5 years and
20 \$1,600 after 8 years; with 150 semester hours or more and a
21 master's degree, \$1,250 after 5 years, \$2,000 after 8 years and
22 \$2,750 after 13 years. However, any salary increase is subject
23 to any applicable restrictions in Section 14-106.5, 15-134.6,
24 or 16-131.7 of the Illinois Pension Code.

25 For the purpose of this Section a teacher's salary shall

1 include any amount paid by the school district on behalf of the
2 teacher, as teacher contributions, to the Teachers' Retirement
3 System of the State of Illinois.

4 If a school board establishes a schedule for teachers'
5 salaries based on education and experience, not inconsistent
6 with this Section, all certificated nurses employed by that
7 board shall be paid in accordance with the provisions of such
8 schedule (subject to any applicable restrictions in Section
9 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code).

10 For purposes of this Section, a teacher who submits a
11 certificate of completion to the school office prior to the
12 first day of the school term shall be considered to have the
13 degree stated in such certificate.

14 (Source: P.A. 83-913.)

15 Section 40. The State Universities Civil Service Act is
16 amended by changing Section 36d as follows:

17 (110 ILCS 70/36d) (from Ch. 24 1/2, par. 38b3)

18 Sec. 36d. Powers and duties of the Merit Board.

19 The Merit Board shall have the power and duty-

20 (1) To approve a classification plan prepared under its
21 direction, assigning to each class positions of substantially
22 similar duties. The Merit Board shall have power to delegate to
23 its Director the duty of assigning each position in the
24 classified service to the appropriate class in the

1 classification plan approved by the Merit Board.

2 (2) To prescribe the duties of each class of positions and
3 the qualifications required by employment in that class.

4 (3) To prescribe the range of compensation for each class
5 or to fix a single rate of compensation for employees in a
6 particular class; and to establish other conditions of
7 employment which an employer and employee representatives have
8 agreed upon as fair and equitable. The Merit Board shall direct
9 the payment of the "prevailing rate of wages" in those
10 classifications in which, on January 1, 1952, any employer is
11 paying such prevailing rate and in such other classes as the
12 Merit Board may thereafter determine. "Prevailing rate of
13 wages" as used herein shall be the wages paid generally in the
14 locality in which the work is being performed to employees
15 engaged in work of a similar character. Subject to any
16 applicable restrictions in Section 14-106.5, 15-134.6, or
17 16-131.7 of the Illinois Pension Code, each ~~Each~~ employer
18 covered by the University System shall be authorized to
19 negotiate with representatives of employees to determine
20 appropriate ranges or rates of compensation or other conditions
21 of employment and may recommend to the Merit Board for
22 establishment the rates or ranges or other conditions of
23 employment which the employer and employee representatives
24 have agreed upon as fair and equitable. Any rates or ranges
25 established prior to January 1, 1952, and hereafter, shall not
26 be changed except in accordance with the procedures herein

1 provided.

2 (4) To recommend to the institutions and agencies specified
3 in Section 36e standards for hours of work, holidays, sick
4 leave, overtime compensation and vacation for the purpose of
5 improving conditions of employment covered therein and for the
6 purpose of insuring conformity with the prevailing rate
7 principal.

8 (5) To prescribe standards of examination for each class,
9 the examinations to be related to the duties of such class. The
10 Merit Board shall have power to delegate to the Director and
11 his staff the preparation, conduct and grading of examinations.
12 Examinations may be written, oral, by statement of training and
13 experience, in the form of tests of knowledge, skill, capacity,
14 intellect, aptitude; or, by any other method, which in the
15 judgment of the Merit Board is reasonable and practical for any
16 particular classification. Different examining procedures may
17 be determined for the examinations in different
18 classifications but all examinations in the same
19 classification shall be uniform.

20 (6) To authorize the continuous recruitment of personnel
21 and to that end, to delegate to the Director and his staff the
22 power and the duty to conduct open and continuous competitive
23 examinations for all classifications of employment.

24 (7) To cause to be established from the results of
25 examinations registers for each class of positions in the
26 classified service of the State Universities Civil Service

1 System, of the persons who shall attain the minimum mark fixed
2 by the Merit Board for the examination; and such persons shall
3 take rank upon the registers as candidates in the order of
4 their relative excellence as determined by examination,
5 without reference to priority of time of examination.

6 (8) To provide by its rules for promotions in the
7 classified service. Vacancies shall be filled by promotion
8 whenever practicable. For the purpose of this paragraph, an
9 advancement in class shall constitute a promotion.

10 (9) To set a probationary period of employment of no less
11 than 6 months and no longer than 12 months for each class of
12 positions in the classification plan, the length of the
13 probationary period for each class to be determined by the
14 Director.

15 (10) To provide by its rules for employment at regular
16 rates of compensation of physically handicapped persons in
17 positions in which the handicap does not prevent the individual
18 from furnishing satisfactory service.

19 (11) To make and publish rules, to carry out the purpose of
20 the State Universities Civil Service System and for
21 examination, appointments, transfers and removals and for
22 maintaining and keeping records of the efficiency of officers
23 and employees and groups of officers and employees in
24 accordance with the provisions of Sections 36b to 36q,
25 inclusive, and said Merit Board may from time to time make
26 changes in such rules.

1 (12) To appoint a Director and such assistants and other
2 clerical and technical help as may be necessary efficiently to
3 administer Sections 36b to 36q, inclusive. To authorize the
4 Director to appoint an assistant resident at the place of
5 employment of each employer specified in Section 36e and this
6 assistant may be authorized to give examinations and to certify
7 names from the regional registers provided in Section 36k.

8 (13) To submit to the Governor of this state on or before
9 November 1 of each year prior to the regular session of the
10 General Assembly a report of the University System's business
11 and an estimate of the amount of appropriation from state funds
12 required for the purpose of administering the University
13 System.

14 (Source: P.A. 82-524.)

15 Section 45. The University of Illinois Act is amended by
16 adding Section 80 as follows:

17 (110 ILCS 305/80 new)

18 Sec. 80. Future increases in income. The University of
19 Illinois must not pay, offer, or agree to pay any future
20 increase in income, as that term is defined in Section
21 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
22 to any person in a manner that violates any of those Sections.

23 Section 50. The Southern Illinois University Management

1 Act is amended by adding Section 65 as follows:

2 (110 ILCS 520/65 new)

3 Sec. 65. Future increases in income. Southern Illinois
4 University must not pay, offer, or agree to pay any future
5 increase in income, as that term is defined in Section
6 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
7 to any person in a manner that violates any of those Sections.

8 Section 55. The Chicago State University Law is amended by
9 adding Section 5-175 as follows:

10 (110 ILCS 660/5-175 new)

11 Sec. 5-175. Future increases in income. Chicago State
12 University must not pay, offer, or agree to pay any future
13 increase in income, as that term is defined in Section
14 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
15 to any person in a manner that violates any of those Sections.

16 Section 60. The Eastern Illinois University Law is amended
17 by adding Section 10-175 as follows:

18 (110 ILCS 665/10-175 new)

19 Sec. 10-175. Future increases in income. Eastern Illinois
20 University must not pay, offer, or agree to pay any future
21 increase in income, as that term is defined in Section

1 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
2 to any person in a manner that violates any of those Sections.

3 Section 65. The Governors State University Law is amended
4 by adding Section 15-175 as follows:

5 (110 ILCS 670/15-175 new)

6 Sec. 15-175. Future increases in income. Governors State
7 University must not pay, offer, or agree to pay any future
8 increase in income, as that term is defined in Section
9 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
10 to any person in a manner that violates any of those Sections.

11 Section 70. The Illinois State University Law is amended by
12 adding Section 20-180 as follows:

13 (110 ILCS 675/20-180 new)

14 Sec. 20-180. Future increases in income. Illinois State
15 University must not pay, offer, or agree to pay any future
16 increase in income, as that term is defined in Section
17 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
18 to any person in a manner that violates any of those Sections.

19 Section 75. The Northeastern Illinois University Law is
20 amended by adding Section 25-175 as follows:

1 (110 ILCS 680/25-175 new)

2 Sec. 25-175. Future increases in income. Northeastern
3 Illinois University must not pay, offer, or agree to pay any
4 future increase in income, as that term is defined in Section
5 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
6 to any person in a manner that violates any of those Sections.

7 Section 80. The Northern Illinois University Law is amended
8 by adding Section 30-185 as follows:

9 (110 ILCS 685/30-185 new)

10 Sec. 30-185. Future increases in income. Northern Illinois
11 University must not pay, offer, or agree to pay any future
12 increase in income, as that term is defined in Section
13 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
14 to any person in a manner that violates any of those Sections.

15 Section 85. The Western Illinois University Law is amended
16 by adding Section 35-180 as follows:

17 (110 ILCS 690/35-180 new)

18 Sec. 35-180. Future increases in income. Western Illinois
19 University must not pay, offer, or agree to pay any future
20 increase in income, as that term is defined in Section
21 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code,
22 to any person in a manner that violates any of those Sections.

1 Section 90. The Public Community College Act is amended by
2 changing Sections 3-26 and 3-42 as follows:

3 (110 ILCS 805/3-26) (from Ch. 122, par. 103-26)

4 Sec. 3-26. (a) To make appointments and fix the salaries of
5 a chief administrative officer, who shall be the executive
6 officer of the board, other administrative personnel, and all
7 teachers, but subject to any applicable restrictions in Section
8 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension Code.
9 In making these appointments and fixing the salaries, the board
10 may make no discrimination on account of sex, race, creed,
11 color or national origin.

12 (b) Upon the written request of an employee, to withhold
13 from the compensation of that employee the membership dues of
14 such employee payable to any specified labor organization as
15 defined in the Illinois Educational Labor Relations Act. Under
16 such arrangement, an amount shall be withheld for each regular
17 payroll period which is equal to the prorata share of the
18 annual membership dues plus any payments or contributions and
19 the board shall pay such withholding to the specified labor
20 organization within 10 working days from the time of the
21 withholding.

22 (Source: P.A. 83-1014.)

23 (110 ILCS 805/3-42) (from Ch. 122, par. 103-42)

1 Sec. 3-42. To employ such personnel as may be needed, to
2 establish policies governing their employment and dismissal,
3 and to fix the amount of their compensation, subject to any
4 applicable restrictions in Section 14-106.5, 15-134.6, or
5 16-131.7 of the Illinois Pension Code. In the employment,
6 establishment of policies and fixing of compensation the board
7 may make no discrimination on account of sex, race, creed,
8 color or national origin.

9 Residence within any community college district or outside
10 any community college district shall not be considered:

11 (a) in determining whether to retain or not retain any
12 employee of a community college employed prior to July 1,
13 1977 or prior to the adoption by the community college
14 board of a resolution making residency within the community
15 college district of some or all employees a condition of
16 employment, whichever is later;

17 (b) in assigning, promoting or transferring any
18 employee of a community college to an office or position
19 employed prior to July 1, 1977 or prior to the adoption by
20 the community college board of a resolution making
21 residency within the community college district of some or
22 all employees a condition of employment, whichever is
23 later; or

24 (c) in determining the salary or other compensation of
25 any employee of a community college.

26 (Source: P.A. 80-248.)

1 Section 95. The Illinois Educational Labor Relations Act is
2 amended by changing Sections 4 and 17 as follows:

3 (115 ILCS 5/4) (from Ch. 48, par. 1704)

4 Sec. 4. Employer rights. Employers shall not be required to
5 bargain over matters of inherent managerial policy, which shall
6 include such areas of discretion or policy as the functions of
7 the employer, standards of services, its overall budget, the
8 organizational structure and selection of new employees and
9 direction of employees. Employers, however, shall be required
10 to bargain collectively with regard to policy matters directly
11 affecting wages (but subject to any applicable restrictions in
12 Section 14-106.5, 15-134.6, or 16-131.7 of the Illinois Pension
13 Code), hours and terms and conditions of employment as well as
14 the impact thereon upon request by employee representatives,
15 but excluding the changes, the impact of changes, and the
16 implementation of the changes set forth in this amendatory Act
17 of the 97th General Assembly. To preserve the rights of
18 employers and exclusive representatives which have established
19 collective bargaining relationships or negotiated collective
20 bargaining agreements prior to the effective date of this Act,
21 employers shall be required to bargain collectively with regard
22 to any matter concerning wages (but subject to any applicable
23 restrictions in Section 14-106.5, 15-134.6, or 16-131.7 of the
24 Illinois Pension Code), hours or conditions of employment about

1 which they have bargained for and agreed to in a collective
2 bargaining agreement prior to the effective date of this Act,
3 but excluding the changes, the impact of changes, and the
4 implementation of the changes set forth in this amendatory Act
5 of the 97th General Assembly.

6 (Source: P.A. 83-1014.)

7 (115 ILCS 5/17) (from Ch. 48, par. 1717)

8 Sec. 17. Effect on other laws. In case of any conflict
9 between the provisions of this Act and any other law (other
10 than Sections 14-106.5, 15-134.6, and 16-131.7 of the Illinois
11 Pension Code), executive order or administrative regulation,
12 the provisions of this Act shall prevail and control. The
13 provisions of this Act are subject to any applicable
14 restrictions in Section 14-106.5, 15-134.6, or 16-131.7 of the
15 Illinois Pension Code, as well as the changes, impact of
16 changes, and implementation of changes set forth in this
17 amendatory Act of the 97th General Assembly. Nothing in this
18 Act shall be construed to replace or diminish the rights of
19 employees established by Section 36d of "An Act to create the
20 State Universities Civil Service System", approved May 11,
21 1905, as amended or modified.

22 (Source: P.A. 83-1014.)

23 Section 100. The State Mandates Act is amended by adding
24 Section 8.36 as follows:

1 (30 ILCS 805/8.36 new)

2 Sec. 8.36. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 97th General Assembly.

6 Section 105. Severability and inseverability. The
7 provisions set forth in Sections 5, 15, 20, 25, 95, 100, and
8 999 of this Act, as well as Sections 2-134, 7-109, 14-135.08,
9 15-106, 15-107, 15-163, 15-165, and 16-106, subsection (a-5) of
10 Section 16-158, and Section 18-140 of the Illinois Pension
11 Code, as set forth in Section 30 of this Act, are severable
12 pursuant to Section 1.31 of the Statute on Statutes, and are
13 not mutually dependent upon the provisions set forth in any
14 other Section of this Act.

15 Section 10 of this Act, the other provisions of Section 30
16 of this Act, and Sections 35 through 90 of this Act are
17 mutually dependent and inseverable. If any of those provisions
18 is held invalid other than as applied to a particular person or
19 circumstance, then all of those provisions are invalid."

20 Section 999. Effective date. This Act takes effect upon
21 becoming law."